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Published continuously since 1886.

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Issued in Spring, Summer, Fall, and Winter, POLITICAL SCIENCE QUARTERLY (ISSN 0032-3195) is published by the Academy of Political Science, 475 Riverside Drive, Suite 1274, New York, NY 10115-1274. Subscriptions are obtained through membership in the Academy.

Manuscripts, books for review, and editorial correspondence should be addressed to the Managing Editor, POLITICAL SCIENCE QUARTERLY, 475 Riverside Drive, Suite 1274, New York, NY 10115-1274. Correspondence about advertising and reprint permission should be addressed to the Business Manager, The Academy of Political Science, 475 Riverside Drive, Suite 1274, New York, NY 10115-1274.

PREPARATION OF ARTICLE MANUSCRIPTS: *PSQ* is a fully refereed journal. Contributors must observe the following requirements: Submit manuscripts in triplicate, all copy double-spaced including main text, quotations, and footnotes. Place tables, graphs, and numbered footnotes on separate pages at end of manuscript. Include an abstract of 100 to 200 words that specifies the article's main theme or conclusions. Manuscripts over 35 pages will not be refereed. Authors who want their manuscripts returned must enclose postage.

Articles that appeared in the POLITICAL SCIENCE QUARTERLY before 1953 are indexed in *The Reader's Guide to Periodical Literature* and since that year in the *Social Science Index*. Articles are also listed in *ABC Pol Sci*, the *International Bibliography of Political Science*, and the *Public Affairs Information Services Bulletin* and abstracted in *United States Political Science Documents*, *The International Political Science Abstracts*, *Historical Abstracts*, *Urban Affairs Abstracts*, and *America: History and Life*. Book reviews are listed in the *Book Review Index* to *Social Science Periodicals*, *Book Reviews Index*, and *Book Review Digest*. A title page and an index of articles and book reviews for each volume of the QUARTERLY are included in the Winter issue. University Microfilms Inc. has *PSQ* on optical disc dating from 1989 in their General Periodicals on Disc collection. Information Access Company produces issues of *PSQ* full-text from their computer databank. Articles on foreign affairs are available on-line from FJV *ResearchBase*.

Back issues of *PSQ* may be ordered from the Academy. A check payable to the Academy of Political Science should accompany all orders. Single issue, $10.50. Reprints of articles are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, Michigan 48106. Toll free number: 800-521-0600. One copy, $10.50. Additional copies, $2.50 each. Complete issue, $0.35 each plus $0.25 per page over 200 pages. All prices are subject to change.

Postmaster—send address changes to Political Science Quarterly, 475 Riverside Drive, Suite 1274, New York, NY 10115-1274.

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Library of Congress Catalog Card Number: 7-36315.

Printed by Capital City Press, Montpelier, Vermont.

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Number 2
Summer 1994

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## *From the Editor:*

*In this issue . . .*

PAUL E. PETERSON shows that, despite increased congressional participation in foreign policy making, constraints imposed by the international system still give presidents the dominant voice.

YONGNIAN ZHENG analyzes the tensions between economic development and political democracy in China using for the first time, recently published Chinese public opinion surveys. He examines the tension generated by rapid economic growth, which facilitates political liberalizations and the constraints on democracy insisted upon by many of the Chinese senior political elites.

KATY J. HARRIGER explores the constitutional debate on whether the provisions of the Ethics in Government Act—allowing for the appointment of special counsels—are compatible with the separation of powers doctrine. She argues that they are.

PAUL FRYMER examines why the United States has had voters choose to divide party control between the presidency and the Congress. He argues that divided government is the result of voters making ideologically consistent choices by voting for a president and a member of the House of different parties; this minimizes the political gridlock often associated with divided party rule.

KENNETH A. RODMAN examines the influence of multinational business corporations's use of economic sanctions in the anti-apartheid movement in South Africa. He argues that in many ways, the behavior of these private corporations was more significant than were the sanctions legislated by Congress.

VOYTEK ZUBEK and JUDITH GENTLEMAN trace the emergence of liberalization initiatives in Poland and Mexico in the late 1970s and 1980s. They conclude that in both cases, by politically legitimizing private initiative, political elites attempted to stimulate economic growth.

ROBERT M. HATHAWAY reviews two books on the 1956 Suez Canal crisis, a diplomatic debacle that can justly lay claim to being history's most perfect diplomatic and military failure.

DEMETRIOS CARALEY

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# The President's Dominance in Foreign Policy Making

PAUL E. PETERSON

In the fall of 1991, George Bush saw his own attorney-general defeated in an off-year Pennsylvania senatorial race. Richard Thornburgh, once a popular governor, fell victim to attacks by Harris Wofford, an aging, politically inexperienced, unabashedly liberal college professor. The Democrats succeeded in a state that had rejected their candidates in every Senate election since 1962.

Curiously, the defeat came after Bush had presided over the fall of the Berlin wall, the reunification of Germany, the democratization of Eastern Europe, and the resolution of the conflict in Nicaragua. If the voters had forgotten these early triumphs, Bush could brag that in the very year of the Pennsylvania election he had won a spectacular victory in the Persian Gulf War, negotiated a breathtaking arms control agreement with the Soviet Union, promised a further unilateral cut in nuclear weapons, supported Gorbachev in his final showdown with conservative forces within the Soviet Union, arranged the first international peace conference on the Middle East, helped achieve a settlement among contending forces within Cambodia, and facilitated a political settlement between blacks and whites in South Africa. Ad-

PAUL E. PETERSON, the Henry Lee Shattuck Professor of Government at Harvard University and director of its Center for American Political Studies, has written extensively on issues of American government and public policy. His most recent publication is the edited volume, *The President, the Congress and the Making of Foreign Policy*.



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mittedly, history had not yet quite come to an end.[1] Disasters had struck the Philippines, the Serbs were fighting the Bosnians in Yugoslavia, and a military coup had reversed democratic tendencies in Haiti. But George Bush could tout foreign policy successes beyond the wildest imagination of his predecessors. Not surprisingly, Bush's standing in the polls reached levels that none of his postwar predecessors could match, achieving a spectacular 87 percent in February 1991.[2]

Harris Wofford ignored these accomplishments. The president, he said, was spending too much time on world affairs; more attention had to be given to domestic matters. Noting that the recovery from the 1990–1991 economic recession had petered out, Wofford emphasized how heartless George Bush had been in refusing to extend benefits to the unemployed. Health care costs were growing while millions of Americans were unable to secure medical insurance. Even some of Bush's foreign policy triumphs were dubious, Wofford claimed, alleging that the free trade negotiations with Mexico would cost Pennsylvania thousands of blue-collar jobs. By the end of the campaign, the president's travel abroad had actually become a political liability; Wofford's campaign workers wore teeshirts celebrating Bush's "Anywhere but America" world tour.

The day after the election, the president announced that his Thanksgiving trip to the Far East had been canceled. On the day Americans celebrated their Pilgrim Fathers, Bush put Peking Duck and sashimi to one side and ate turkey (and crow) instead. By Thanksgiving Day, Bush's popularity rating had fallen to just 51 percent.[3] Quite clearly, George Bush, for all his foreign policy successes, was beginning to discover that the domestic front was quite another matter.

The denouement came within a year. George Bush was unable to transform his foreign policy achievements into a reelection victory. His opponent, Bill Clinton, eschewed foreign policy in favor of domestic and social policy themes. One of his key advisers was Harris Wofford's campaign manager, who placed a sign on his desk reminding him that the issue was "The Economy, Stupid!" Despite the fact that Clinton, a little known governor of a small, southern state, had avoided the draft by studying at Oxford, he defeated a commander-in-chief who could claim credit for having brought the cold war to an end.

[1] Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).
[2] "Presidential Job Ratings," *Cook Political Report*, 29 October 1991, 33.
[3] *New York Times*, 26 November 1991.

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Although the differences between the politics of foreign and domestic policy seldom reveal themselves this dramatically, they have been enduring features of American politics. At the same time, the distinctions between the foreign and domestic arenas faded during the years following the Vietnam war. The loss of Vietnam and the scandal named Watergate subverted executive authority. Control of the legislative and executive branches was usually divided between the two political parties. The parties themselves became internally more homogeneous and increasingly differentiated from one another. Foreign policy issues seemed to be completely absorbed into domestic disputes.

These changes raised key questions concerning the conduct of the nation's foreign policy. Had partisanship become so intense it no longer stopped at the water's edge? Had a prolonged period of almost continuous divided government handicapped the president's capacity to formulate foreign policy? Had the congressional role in the making of foreign policy been so enhanced that the differences between the making of foreign and domestic policy been all but obliterated?

It is the burden of my argument that the changes in American politics during the post-Vietnam era did not eliminate the distinction between foreign and domestic political arenas—primarily because the nature of the international system precludes it. To respond to external threats, the United States needs a relatively centralized, coordinated foreign policy-making system. Because of this international reality, presidents remain the most potent political force in the making of foreign policy.

Though Congress began to play a more important role in the years following the Vietnam war, especially when the executive's capacity to defend the national interest was diminished, the primary locus of decision making remained in presidential hands. As Bush's foreign policy triumphs illustrated, the presidency continued to be the dominant foreign policy-making institution. For all of Capitol Hill's increased involvement, it still remained a secondary political player. Conflict between the branches remained more contained than has been generally realized.

## A Hard Test

The United States is, in some respects, the last place one would look for international constraints on the making of foreign policy. According to a number of theorists, the international system is expected to have a greater effect on the foreign policy making of small nations compared

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to large ones, on the choices of weak nations compared to strong ones, and on economically dependent nations compared to economically self-sufficient ones.[4] Theorists also expect policy making to be centralized in the hands of the executive when external threats are immediate rather than distant.[5]

If these are correct estimates of the occasions when international constraints are greatest, then the postwar United States is a hard case, where external constraints are least likely to be controlling. As a large nation well endowed with natural resources enjoying the world's largest and most self-sufficient economy and containing the world's most powerful military arsenal, the United States was, of all nations, the one best able to compel others to act in accord with its wishes and the one least likely to be subject to constraints imposed by the external environment. If any nation-state can ignore external pressures, it was the richest and most powerful one. Thus, if one discovers that processes within the United States are constrained by external forces, then it is very likely that these constraints are quite general.

It is possible but unlikely that small countries have greater latitude on security questions than do large, powerful ones. It could be argued that they can do as they please and "free ride" on the more powerful. But free riders must be acquiescent riders; they can hardly let domestic politics interfere with the demands more powerful countries might place upon them.

Admittedly, the United States was not free of external threats during the cold war. Some may argue that it was particularly constrained by its need to protect the interests of the free world. Once the United States spread its economic, military, and nuclear umbrella, it was much more constrained than smaller nations who could free ride under U.S. protection. But if the cold war constrained U.S. choices, it was no more constrained than other countries. Had the United States not fulfilled its responsibilities, the impact on other nations would have been more devastating than on the United States itself. The threat posed by the Soviet Union to the United States was less direct and

[4] Peter J. Katzenstein, "The Small European States in the International Economy: Economic Dependence and Corporatist Politics" in John G. Ruggie, ed., *The Antinomies of Interdependence: National Welfare and the International Division of Labor* (New York: Columbia University Press, 1983); Guillermo O'Donnell, *Modernization and Bureaucratic Authoritarianism*, Politics of Modernization Series, no. 9 (Berkeley: University of California, Institute for International Studies, 1973).

[5] On the growth of executive power during World War I and World War II, see James L. Sundquist, *The Decline and Resurgence of Congress* (Washington, DC: Brookings Institution, 1981), chap. 6.

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immediate than its threat to Europe, Asia, and almost any other country one can imagine.

Soviet expansion had to be contained, the possibility of sudden nuclear warfare was frightening, and revolutionary movements supported by the Soviet Union and motivated by communist ideology seemed threatening. Though the United States was the dominant figure in world politics, it hardly felt secure. But the precariousness of the international environment during the cold war was little different from the instabilities of earlier epochs. Thucydides, Machiavelli, and Bodin took a threatening international environment for granted. Wars and rumors of wars marked most of the twentieth century—though the United States sometimes pretended that it could ignore them. Indeed, the bipolar conflict of the cold war was more predictable and more manageable than the multipolar conflicts that preceded it.[6] Hardly before the cold war has come to an end, serious students of international relations became nostalgic about the regularities of bipolarity.[7]

Not only have the external constraints on the foreign policy choices of the United States been less than those facing other nations, but its constitutional framework makes it particularly difficult for U.S. foreign policy to be centrally led by a strong executive.[8] By separating the government into three branches, the Constitution insured that a wide variety of groups and interests would participate in decision-making processes. And by assigning most of the governing authority to a Congress divided between a Senate and a House, the Constitution further facilitated the intrusion of parochial considerations into the making of foreign policy.

The weakness of the presidency on issues of foreign policy within the U.S. constitutional framework is not always appreciated. The Constitution makes—and the courts have delineated—no clear distinction between foreign and domestic issues. The only powers given exclusively to the president are the powers to receive foreign ambassadors, grant

[6] Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw Hill, 1979), chap. 9. The United States may have been the least constrained by the international system in the nineteenth century, when the country was protected from strong European powers by its isolation in the western hemisphere. This may account for the perpetuation of a relatively weak presidency throughout the nineteenth century. The power of the executive branch expanded with the increasing threat to the United States posed by the international system in the twentieth century.

[7] John J. Mearscheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15 (Summer 1990): 5–56.

[8] John E. Chubb and Paul E. Peterson, "American Political Institutions and the Problem of Governance" in John E. Chubb and Paul E. Peterson, eds., *Can the Government Govern?* (Washington, DC: Brookings Institution, 1989), 1–30.

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pardons, and "execute" the laws of Congress. Admittedly, the president is also assigned the responsibility of commander-in-chief, but no specific powers are granted along with this responsibility and the Constitution quite specifically grants to Congress the authority to declare war, raise an army, and prepare for the common defense. The presidential powers to appoint ambassadors and make treaties are shared with the Senate. The president can veto congressional legislation, but this negative power can be overridden by a two-thirds vote in both Houses. Finally and ultimately, Congress can remove a president from office, but the reverse is not true. Thus, there is little in the U.S. constitutional framework that encourages executive dominance of the foreign policy-making system.

Over the past twenty-five years, the power of the presidency in foreign affairs has been especially weakened by two events that undermined executive branch credibility. The president and his advisers, who had in the decades since World War II enjoyed the enormous prestige that comes from winning a world war, were humiliated in Vietnam by their inability to resolve to their country's satisfaction a conflict with an underdeveloped nation. Simultaneously, a set of illegal and unconstitutional political practices by the executive were exposed as part of the Watergate scandal. For the first time in American history, a president was almost impeached and was forced to resign from office. Under the circumstances, Congress could no longer be expected to defer to executive expertise, the news media could be expected to hunt for presidential peccadillos, and the public could be expected to become distrustful of the country's political leadership.

Divided partisan control of the legislative and executive branches of government further undermined the basis for a consensual, executive-led foreign policy-making system. The Democratic party controlled the House of Representatives for all but four years during the postwar period and the Senate for all but ten of these years. Meanwhile, until the election of Bill Clinton, the Republican party had won the presidency in every election since 1968, save for the very close election of Jimmy Carter immediately after the Watergate crisis. The ethnic heterogeneity and decentralized internal structure of the Democratic party made it a very effective organization for winning congressional elections, while the more homogeneous, centrally directed Republican party made it more suitable for electing presidents. The Democratic party had the advantage of holding the more popular position on economic and social issues that tended to influence the outcome of congressional

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elections, while the Republican party had the political advantage on foreign policy and cultural issues that often played an important role in presidential politics.[9] The leaders of each party—presidential in the Republican case, congressional in the Democratic—had a vested interest in perpetuating the institutional structure and issue orientation that helped it remain in power within its institutional domain. And each party was able to use the political resources of the branch it controlled to facilitate the reelection chances of incumbents.

Consequently, both political parties have developed a set of partisan interests in the institutional power of a particular branch of government. The Democrats, after once having been the party of strong presidents (Andrew Jackson, Woodrow Wilson, Franklin D. Roosevelt, and Lyndon B. Johnson), became the defenders of congressional prerogatives. And Republicans, once the congressionally-based party (Whiggism, radical Republicans, Henry Lodge, interwar isolationists, anti-New Dealers, and Robert Taft), championed the prerogatives of the executive.

## Partisan Politics and Foreign Policy

Given these political realities, it is not surprising that foreign policy making became more partisan. Party differences existed long before the early 1970s, of course.[10] Harry Truman was accused by Republicans of having lost China and harboring communists within the State Department. Dwight Eisenhower scored heavily in the 1952 election when he announced that he would "go to Korea." John Kennedy "discovered" a missile gap as he was launching his presidential campaign in 1960. Republicans attacked Kennedy for the disaster in the Bay of Pigs, and in the months leading up to the Cuban missile crisis, New York Republican Senator Kenneth Keating attacked President Kennedy for his inability to identify missiles ninety miles from the Florida coast. Debates over Central and Latin America have divided the two parties at least since the Kennedy administration.[11]

But if parties are endemic to American politics, their role was enhanced after Vietnam. Congressional oversight of intelligence opera-

[9] Gary C. Jacobson, *The Electoral Origins of Divided Government: Competition in U.S. House Elections, 1946–1988* (Boulder, CO: Westview Press, 1990), chap. 6.

[10] Paul E. Peterson and Jay P. Greene, "Why Executive-Legislative Conflict in the United States is Dwindling," *British Journal of Political Science* 24 (1964):1–24.

[11] Robert Pastor, "Disagreeing on Latin America" in Peterson, *The President, the Congress*, 204–27.

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tions intensified.[12] Within the foreign policy committees, critical questioning of administrative witnesses became an increasingly partisan affair.[13] Party unity increased and partisan conflict intensified on foreign and defense roll calls cast in the House of Representatives.[14] Party leaders became increasingly active on foreign policy questions.[15] Many, if not most Democrats on Capitol Hill opposed the bombing of Cambodia in 1970, resisted the Reagan defense build-up of the 1980s,[16] and withheld support for the contras in Nicaragua.[17] Nor was partisan opposition simply a matter of Democratic legislators opposing Republican presidents. During the few years that Jimmy Carter was in office, he encountered strong Republican resistance to the Panama Canal and the SALT II treaties.

The apotheosis of partisanship may have occurred in the mid-1980s in the debate over the strategic defense initiative and the strains it placed on the interpretation of the antiballistic missile treaty negotiated by Richard Nixon and Leonid Brezhnev. The Republican administration headed by Ronald Reagan interpreted the treaty without reference to the debates taking place in Congress at the time of ratification, while a Democratic Congress refused to allow the strategic defense initiative to proceed beyond its understanding of the correct interpretation of that treaty.[18]

This increase in partisan conflict might be thought to have grave implications for the capacity of the executive to conduct foreign policy. For one thing, partisan opposition is effective opposition. While nonpartisan factions and special interests come and go, parties have an identity and a continuity that makes their involvement of more long-lasting significance.[19] Members of Congress are usually loyal members of their party, and if possible, they will support their partisan colleagues in institutional or policy struggles. Also, members of the interest group community and the policy elite often have partisan ties

[12] Loch Johnson, "Playing Hardball with the CIA" in ibid., 49–73.

[13] Paul E. Peterson and Jay P. Greene, "Questioning by the Foreign Policy Committee" in ibid., 74–97.

[14] David W. Rohde, "Presidential Support in the House of Representatives," in ibid., 101–28.

[15] Steven S. Smith, "Congressional Party Leaders," in ibid., 129–57.

[16] Ralph Carter, "Budgeting for Defense," in ibid., 161–78.

[17] Pastor, "Disagreeing on Latin America."

[18] Alton Frye, "Searching for Arms Control" in Peterson, *The President, the Congress*, 179–203.

[19] Perhaps the best discussion of this point is to be found in V. O. Key, *Southern Politics* (New York: Random House, 1949), who argued that it was the absence of parties in the South that made opposition to dominant economic elites episodic and ineffective.

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and connections, however much they may wish to appear separate and apart from partisan fracases. Partisan conflict, moreover, is portable. It can move from the legislative arena to the electoral arena quickly and decisively. Presidents cannot simply ignore with impunity the demands and complaints of their partisan opponents.

## Executive Direction of U.S. Foreign Policy

But even though partisanship intensified after the Vietnam war, the fundamental responsibility for conducting the nation's foreign policy remained in the hands of presidents and their executive-branch advisers. Jimmy Carter negotiated the SALT II agreement, which took practical effect despite the Senate's refusal to ratify it. Carter reversed a policy of détente with the Soviet Union, once the Soviet invasion of Afghanistan had taken place. He canceled participation in the Olympic Games, imposed a grain embargo, and instituted a major increase in defense expenditures. The Carter administration facilitated the Camp David agreement between Israel and Egypt. And the Carter administration failed to anticipate the consequences of the Iranian revolution for U.S. interests, undertook a misbegotten rescue attempt, and finally negotiated the release of U.S. hostages.

Next the Reagan administration continued the defense build-up and successfully concluded the START and INF arms negotiations. Finally, the Bush administration invaded Panama, defined the U.S. response to the democratization of Eastern Europe and the collapse of the Soviet empire, and committed troops to Saudi Arabia, forcing congressional acquiescence to the Gulf war.

If one turns to international economic policy, the story is much the same. The crucial decision to leave the gold standard and float the dollar was made by the Nixon administration. Congress played only a marginal role on decisions concerning U.S. participation in the international monetary fund and the World Bank. The U.S. commitment to free trade was articulated and defended by the executive, with Congress left to complain and carp from the sidelines.[20]

One can find only a few examples in which, arguably, Congress participated in resolving issues of comparable import. When the Ford administration chose not to commit U.S. forces to Vietnam, even after

[20] I. S. Destler, "Delegating Trade Policy" in Peterson, *The President, the Congress*, 228–45.

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the North failed to abide by the terms of the 1973 peace agreement, it may have been due to the congressional ban on expenditures for such purposes (though Ford very likely took into account public as well as congressional opposition to renewed conflict in Southeast Asia). Congressional opposition is sometimes used as a euphemism for more broadly based public opposition. This is understandable as political rhetoric, but analysts need to keep clear the distinction when assessing the relative power of Congress and the presidency as institutions.

When the Bush Administration negotiated an agreement with the Nicaraguan government, its decision was in all probability influenced by the strong congressional opposition to continued aid to the contras. Strong congressional support for Israel has complicated State Department efforts to encourage a resolution of the Palestinian question.

Although interest-group pressures account for some cases of significant congressional impact, in others Congress was influential because in retrospect it seems to have assessed more correctly the national interest than did the executive. Congress refused to appropriate development funds for Reagan's strategic defense initiative, because such expenditures violated an antiballistic missile treaty. Similarly, Congress cut defense expenditure in the mid-1980s, because the executive's assessment of the international danger seemed unusually extreme. The failure of the Soviet offensive in Afghanistan, the deterioration of the Soviet economy, and the growing pressures for democratization within the Soviet Union all indicated a weakening, not an intensification, of the international threat to the United States.[21]

The comparison with trade is instructive. More economists have concluded that the United States has little to gain from a protectionist trade policy, no matter how popular such a policy might be with certain industries and constituents in some congressional districts. By adhering to free trade policies and using the threat of protection mainly to open up foreign markets, the executive branch has chosen a course of action that most disinterested observers regard as in the long-run interest of the country. In this context, protectionist sentiments on Capitol Hill, though loudly expressed, have had only a modest policy impact.[22]

When the executive has steered a mainstream course considered by policy elites to be in the best interest of the country, congressional

[21] Frye, "Searching for Arms Control."
[22] Destler, "Delegating Trade Policy."

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pressures have been more of a nuisance than a policy determinant. If Congress has exercised somewhat more influence than in the past, its increased role hardly seems to have been dangerous. Instead, the relative openness of the American political system seems to have facilitated an adjustment of policy when executive leadership was misjudging the national interest.

These instances of congressional involvement have not been so frequent as to indicate a major shift in power from the White House to Capitol Hill. Quite aside from the resolution of specific controversies, the authority of the executive to conduct foreign policy remains largely intact. The president can still reach executive agreements with foreign countries on almost any and all issues, thereby avoiding the necessity of winning consent of two-thirds of the Senate. Also, the courts have been increasingly willing to uphold executive interpretations of congressional intent. Unless the congressional delegation of power is exceedingly detailed, limited, and explicit, members find it very difficult to challenge in court an executive interpretation of that delegation.[23] Congressional delegations of authority, moreover, can no longer be hedged by a legislative veto.[24]

But if executive control over foreign policy has remained largely intact, even in the most partisan moments of the post-Vietnam era, it is worth considering theoretically the conditions that make this likely. To understand the relations between the branches, we must appreciate the extent to which day-to-day politics are constrained by the workings of the international system.

## The Two Presidencies

The distinction between foreign and domestic issues has long been noticed. Two decades ago, in a classic essay written under the fetching title, "The Two Presidencies," political scientist Aaron Wildavsky argued that modern presidencies were fraternal—but hardly identical—twins. The one—the domestic policy president—was subject to the

[23] Gordon Silverstein, "Judicial Enhancement of Executive Power," in Peterson, *The President, the Congress*, 23–45.

[24] But Congress still has the power to ask the executive departments to report implementing decisions to congressional committees for their advance review, a power that often is as effective as the legislative veto. Jessica Korn, "Separation of Powers in Practice: The Limits of the Legislative Veto and the Impact of Chadha" (Ph.D. diss., Harvard University, 1993).

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debate, pressure politics, and congressional infighting that is a concomitant of the ordinary workings of democratic processes. The other—the foreign policy president—enjoyed an independence, respect, and prestige that enabled him to manage the external relations of the country quite autonomously. Wildavsky identified several factors that differentiated domestic from foreign policy:

- Since foreign policy questions often require "fast action," they are more appropriate for executive than legislative decision making.
- Presidents have vast "formal powers to commit resources in foreign affairs," and they have "far greater ability than anyone else to obtain information on developments abroad."
- Since voters know little about foreign policy issues, they "expect the president to act in foreign affairs and reward him with their confidence."
- On foreign policy questions, "the interest group structure is weak, unstable, and thin."
- Members of Congress follow a "self-denying ordinance. They do not think it is their job to determine the nation's defense policies."[25]

Wildavsky's analysis was not so much an original statement as a summary of a more generally held scholarly perception. Robert Dahl had put forth much the same argument more than a decade earlier: "In foreign policy the President proposes, the Congress disposes," Dahl wrote, adding that "in a very large number of highly important decisions about foreign policy, the Congress does not even have the opportunity to dispose."[26] Samuel Huntington similarly concluded that "strategic programs are determined in the executive rather than the Congress." "Just as power to legislate strategic programs was at one time, at least in theory, shared by President and Congress, so it is now, very much in practice, shared by the President and a variety of agencies within the executive branch."[27] Richard Fenno's views were little different: "Foreign Affairs members . . . help make policy in an environment strongly dominated by the President. . . . [They] have been hard put to develop any strategic posture other than one calling for responsiveness to executive branch expectations."[28]

[25] Aaron Wildavsky, "The Two Presidencies" in Steven A. Shull, *The Two Presidencies: A Quarter Century Assessment* (Chicago: Nelson-Hall, 1991), 11–25, esp. 14–17.

[26] Robert Dahl, *Congress and American Foreign Policy* (New York: W. W. Norton, 1964), 58.

[27] Samuel Huntington, *The Common Defense* (New York: Columbia University Press, 1961), 127–28, 146.

[28] Richard F. Fenno, Jr., *Congressmen in Committees* (Boston: Little, Brown, 1973), 212–13.

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As mainstream a statement as the two presidency theory originally was, it became the subject of steady criticism in subsequent decades. Wildavsky's own empirical test of his generalizations—a comparison of a limited number of roll calls—was woefully inadequate. Subsequent efforts to replicate his results on a wider set of data produced inconsistent and uncertain results.[29] Some of these studies suggested that the two presidency theory, though accurate enough for the Eisenhower era, did not explain the politics of foreign policy making in the years following the Vietnam war.[30] Writing with Duane Oldfield, Wildavsky himself concluded that "as ideological and partisan divisions have come to reinforce each other . . . foreign policy has become more like domestic policy—a realm marked by serious partisan divisions in which the president cannot count on a free ride."[31] Finally, two presidency "theory" was not much of a theory at all. It was only a set of observations about certain tendencies in American politics at a particular point in time. The structural underpinnings that might produce such a tendency were given little attention in either Wildavsky's essay or subsequent critiques.

But if two presidency theory is in disrepair, nothing very substantial has arisen to take its place. Instead, analysts of American politics are drawing few if any distinctions between foreign and domestic affairs. Instead, it is claimed that both arenas are equally likely to be the subject of partisan debate, voter interest, group activity, and legislative involvement. The president has as much—or as little—control over the one as the other. Within both arenas, the nature of the times, the skill of the participants, and the contingencies of the moment determine outcomes.

When generalizations are made about the making of foreign policy, they mainly chronicle changes that have occurred in the last quarter of a century. Congress is said to be more involved in foreign policy decisions, the process is more partisan than it used to be, the public is more attentive to and polarized by foreign policy questions, and

[29] Detailed discussions of various methodological problems associated with roll call analysis are contained in the articles included in Shull, *The Two Presidencies*.

[30] George C. Edwards III, "The Two Presidencies: A Reevaluation" in Shull, *The Two Presidencies*, 101–116; Lee Sigelman, "A Reassessment of the Two Presidencies Thesis." in ibid., 63–72; Donald A. Peppers, "The 'Two Presidencies' Thesis: Eight Years Later," in ibid., 26–35.

[31] Duane M. Oldfield and Aaron Wildavsky, "Reconsidering the Two Presidencies" in ibid., 181–90.

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interest groups with foreign policy concerns use the congressional channel more efficaciously than they once did.[32] It was the new Wildavsky, writing with Oldfield, who once again best expressed the now revised conventional wisdom: "If members of Congress disagree with the basic objectives of a president's foreign policy, deference is much less likely. . . . The press has [also] grown less deferential. . . . Ideologically oriented interest groups have come to play a greater role. . . . There are also more domestic groups with foreign policy agendas. . . . All of these changes have added to the difficulty of keeping foreign policy isolated from public scrutiny and pressure."[33]

## International Relations Theory and Domestic Politics

Nor has the theoretical vacuum been filled by students of international relations. Theories of international politics typically treat individual nation-states as unitary systems whose internal politics can be safely ignored.[34] "A systems theory of international politics deals with the forces that are in play at the international, and not at the national level," writes Kenneth Waltz. "An international-political theory does not imply or require a theory of foreign policy any more than a market theory implies or requires a theory of the firm."[35] Instead, each nation-state can be assumed to be governed by a single leader who considers the country's interests within the international system.

In traditional political theory, this point is cast in normative categories. Though Aristotle preferred a mixed constitution, he recognized a need for "the general with powers delegated for war." Less restrained in his recognition of the necessity of strong leadership, Machiavelli praised "the Roman practice of creating a dictator in emergencies." Not only was the "dictator very useful . . . when the Roman republic was threatened from without but also . . . 'in the increase of the empire.'"[36]

[32] Barry M. Blechman, *The Politics of National Security: Congress and U.S. Defense Policy* (New York: Oxford, 1990); Thomas Franck and Edward Weisband, *Foreign Policy by Congress* (New York: Oxford University Press, 1979); Thomas E. Mann, ed., *A Question of Balance* (Washington, DC: Brookings, 1990).

[33] Oldfield and Wildavsky, "Reconsidering the Two Presidencies," 188.

[34] But see Robert Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42 (Summer 1988): 427–60.

[35] Waltz, *Theory of International Politics*, 71–72.

[36] Harvey C. Mansfield, Jr., *Taming the Prince: The Ambivalence of Modern Executive Power* (New York: Free Press, 1989), 135.

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In contemporary international relations theory, the stance is analytical but the theme hardly changes. To explain foreign policy decisions, says Hans J. Morgenthau,

> we put ourselves in the position of a statesman who must meet a certain problem of foreign policy, . . . and we ask ourselves what the rational alternatives are from which a statesman may choose . . . and which of these rational alternatives this particular statesman . . . is likely to choose. It is the testing of this rational hypothesis . . . that . . . makes a theory of politics possible.[37]

That Morgenthau uses the appellation "statesman" rather than "politician" indicates that it is the international, not the domestic political context, that provides the context in which choices are made.

Although Kenneth Waltz's analysis is internally more consistent than Morgenthau's, its point of departure is quite similar. Waltz defines the essential characteristic of the international system as anarchic, a Hobbesian state of nature in which each nation needs to guard its autonomy and security from external threat. This threat is so great—"war may at any time break out"—that individual countries must "worry about their survival, and the worry conditions their behavior."[38] The external constraints are so great that it is not necessary to understand the way in which responses to these constraints are chosen. On the contrary, trying to explain relations among countries by studying the making of foreign policy within them makes as much sense as trying to understand the fall of the Niagara River by examining the shape of a drop in its spray.

The mutual deterrence theory that guided the United States and the Soviet Union through the cold war relied almost exclusively on the assumption that the nation-state was guided by a single, rational leadership. But it is not only the members of the realist school, represented here by Morgenthau and Waltz, who have given short shrift to internal foreign policy-making processes. The assumption that nation-states are unitary actors acting rationally on behalf of the national interest has been no less important to the political economy school of thought.[39] These scholars suggest that the nation-state may not be as concerned about maximizing its security as its wealth. Since the international

[37] As quoted in Robert Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984), 66.

[38] Waltz, *Theory of International Politics*, 102, 105.

[39] Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S. Foreign Policy* (Princeton, NJ: Princeton University Press, 1978).

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system has become more stable, nations can—indeed, must—concentrate on maximizing their economic development. Those that fail endanger not just their external security but even their political coherence, as the collapse of the Soviet Union reveals. These theorists are more optimistic about the possibilities for international cooperation. They expect that countries will respect international principles and rules designed for their common, long-term good and not cheat when it seems to be in their immediate interest to do so. The leading industrialized countries of the world have learned to respect one another's borders, coordinate their fiscal and monetary policies, are eliminating many tariff and other trade barriers, consult one another when altering the value of their currencies, and draw upon a common pool of funds to assist nations in temporary financial difficulty.

It is too soon to tell whether such coordination can continue over the long run, especially now that the threat of international communism has disappeared. Many analysts believe that current, fragmentary arrangements are only a precursor to a more stable world order in the future. Yet even the enthusiastic proponents of a "new world order" do not ground their expectations in the workings of the foreign policy system of key countries. Instead, they try to show that cooperation is possible among the rational statesman of whom Morgenthau spoke. In Robert Keohane's words, "rational-egoist models [that assume rational, unitary decision making] do not necessarily predict that discord will prevail in relations among independent actors in a situation of anarchy. On the contrary, . . . if the egoists monitor each other's behavior and if enough of them are willing to cooperate on condition that others cooperate as well, they may be able to adjust their behavior to reduce discord."[40]

In short, there is considerable agreement among the various strains of international relations theory that states can be treated as unitary actors.[41] Still, international relations theorists have, for the most part, yet to work out their theoretical argument to its logical conclusion. If the international system constrains the policies of nations, so also it must influence the way in which nation-states deliberate upon and decide these policies. On this topic, research has barely begun.

[40] Keohane, *After Hegemony*, 83–84.

[41] This same point is made in Graham Allison, *Essence of Decision* (Boston: Little Brown, 1971). Allison said that most international theorists assumed the state was a rational, unitary actor. The advantages and limitations of the unitary actor model are discussed in Paul E. Peterson, *School Politics Chicago Style* (Chicago: University of Chicago Press, 1976).

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Waltz even imposes upon himself a self-denying ordinance, making the peculiar claim that international theory is no more relevant to a theory of foreign policy making than a theory of markets is relevant to an understanding of the behavior of a firm. But, certainly, economists regularly use market theory to analyze—and prescribe—firm behavior. If a firm gave no attention to the bottom line, it would not survive for long. Since it necessarily follows that most firms pay attention to the bottom line, it then becomes a question of understanding the ways in which firms attend to this objective. It may be that information costs, costs of negotiation, and costs of changing practices all limit the success with which the firm can maximize profits. But that hardly makes market theory irrelevant; it only requires a sophisticated elaboration when applying the theory to specific firms.[42]

What Waltz declares inadmissible, Peter Goerevitch attempts. In a lengthy review of a wide literature, he shows that the international system has often influenced the internal politics of a country. Britain's insular position necessitated a navy but made a standing army pointless; Prussia's permeable border in the middle of the European continent had the opposite consequence. Without the presence of a standing army, a parliament independent of the monarch was more easily established in Britain than Germany.[43] It may be added that nations also learn from one another ways of best organizing their politics in order to protect their interests in a hostile world. Not only do they copy the military technology of more advanced countries, but they adopt and adapt those political structures that seem to work for competitors. For example, Britain, France, and, later, Japan created public bureaucracies that were capable of large-scale, organized activity, once the Prussians had demonstrated the potency of this organizational structure. The American executive began to model itself on European models when the United States acquired increasing international responsibilities. In short, international theory clearly implies that the executive is likely to dominate the making of foreign policy. The role played by the executive in foreign affairs is not due to transient factors such as the vagaries of public opinion or the momentary absence of interest group pressures. Instead, it is rooted in the requirements imposed on

[42] Organizational theories of the firm can be reconciled with sophisticated restatements of market theory. Terry Moe, "The New Economics of Organization," *American Journal of Political Science* 28 (November 1984): 739–77.

[43] Peter Goerevitch, "The Second Image Reversed: The International Sources of Domestic Politics," *International Organization* 32 (Autumn 1978): 896.

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the nation-state by the potentially anarchic quality of the international system. Wildavsky hinted at these international sources of executive power in his original essay on the two presidencies: "Compared with domestic affairs," he wrote, "presidents engaged in world politics are immensely more concerned with meeting problems on their own terms. Who supports and opposes a policy [at home] . . . does not assume the crucial importance that it does in domestic affairs. The best policy presidents can find is also the best politics."[44] Policy takes precedence over politics because the international system both severely limits the sensible choices a country can make and shapes the processes by which these decisions are reached. International relations theory thus explains not only the policy choices of nations but also the existence of two presidencies.

Apart from encouraging the rise of a strong executive, what exactly are the requirements that the international system imposes on the domestic policy-making processes of a nation-state? Peter Katzenstein provides a useful point of departure for answering this question in his study of the small nations of Europe. Katzenstein points out that small countries are particularly vulnerable to changes in the international environment. Because international trade constitutes a higher percentage of their gross national product, policies must be designed carefully so that they do not adversely affect the countries' place in the international system. As a result, he says, "domestic quarrels are a luxury not tolerated in such adverse circumstances." Pointing out that "political metaphors [used by politicians in these countries] often emphasiz[e] . . . that all members of society sit in the same small boat, that the waves are high, and that all must pull on the same oar," he finds that "groups are held together by the pragmatic bargains struck by a handful of political leaders at the summit. Political compromise across the main social cleavages assures political quiescence and . . . reinforces political control within each camp. The greater the degree of segmentation dividing these societies, the more pronounced are . . . arrangements which defuse conflict."[45] In short, Katzenstein finds that in those countries where the international system places the greatest constraints on policy choice, there are strong pressures for elite consensus and centralized decision making.

In short, if the international system constrains the choices of the United States government, there are likely to be two presidencies. On

[44] Wildavsky, "The Two Presidencies," 24.

[45] Katzenstein, "Small European States," 118–19.

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foreign policy questions, the executive is dominant, Congress follows a "self-denying ordinance," interest group influence is weak and episodic, and voters look to the president for guidance and action.

## International Constraints on the Making of Foreign Policy

The external constraints that differentiate foreign from domestic policy making are evident even in the years of partisan politics and divided government that characterized the post-Vietnam years. The capacity to formulate foreign policy remained concentrated in the hands of the executive branch. Even the notable instances when Congress played a significant role do not necessarily demonstrate that external constraints are irrelevant to the foreign policy-making process. In many of these cases, the president's policy proposals constituted a dubious assessment of the country's long-term interest within the international system. Should the United States unilaterally reinterpret an international treaty in a way inconsistent with statements that were made at the time of its signing and ratification? Congress decisively argued against the position taken by the president, and in retrospect it seems warranted in doing so. Congress also moderated the defense build-up in the 1980s; once again, its decisions hardly seem to have done much harm. On the contrary, when Congress intervened into areas in which the executive branch traditionally exercised its prerogative, the actions seemed as appropriate as they were unusual.

It may even be argued that the need for the executive to defend its foreign policy positions before Congress helps to insure that foreign policy decisions are carefully reasoned. The sharing of information between key congressional committees and key executive branch agencies, and the close cooperation between these institutions may strengthen the influence of those who are best able to articulate the long-range interests of the country within the framework imposed by the international system. If a country is going to be led by people who take into account the long-term interest of the nation, then policy must be rooted in accurate assessments of the international situation, not based on myths or ideologies. To the extent that one branch or another indulges in fanciful myths or ideological thinking, the other branch should—and often does—become a more influential participant. Congress becomes more influential on defense and arms control policies when executive branch proposals seem unreal and fanciful. But when Con-

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gress ignores the interdependence of the United States and international economies, as it tends to do in the case of trade policy, the executive assumes a dominant role. As Morgenthau observed, to explain policy choice "we put ourselves in the position of a statesman who must meet a certain problem of foreign policy, . . . and we ask ourselves what the rational alternatives are from which a statesman may choose. . . . It is the testing of this rational hypothesis . . . that . . . makes a theory of politics possible."[46] And, it might be added, if a leader is not to be found in the executive branch of government, one will emerge in the legislative.*

[46] As quoted in Keohane, *After Hegemony*, 66.

* This article is a revised version of "The International System and Foreign Policy" in Paul E. Peterson, ed., *The President, the Congress, and the Making of Foreign Policy* (Norman, OK: University of Oklahoma Press, 1994), 3–22.

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# Development and Democracy: Are They Compatible in China?

YONGNIAN ZHENG

Democracy's failure to develop in contemporary China gave rise to an intense debate between the advocates of neoauthoritarianism and of democracy in mainland China.[1] Because of the government's crackdown against the 1989 democracy movement, this debate inside China was interrupted for a while. Yet both within China and among Chinese abroad, the debate is being revived. The state's measures for economic and political stabilization and their relative success have led scholars and many politicians, both old and young, to con-

[1] On the debate between Chinese neoauthoritarianism and democracy, see Mark P. Petracca and Mong Xiong (Yongnian Zheng), "Chinese Neo-Authoritarianism: An Exploration and Democratic Critique," *Asian Survey* 30 (November 1990): 1099–1117; Barry Sautman, "Sirens of the Strongman: Neo-Authoritarianism in Recent Chinese Political Theory," *China Quarterly* 129 (March 1992): 72–102; Liu Jun and Li Lin, eds., *Xin quanwei zhuyi: dui gaige lilun gangling de lunzheng* [Neo-authoritarianism: A Debate on Theories of Reforms] (Beijing: Economic Institute Press, 1989); *Guoqing yanjiu* [China Study], March 1989 (This issue includes many essays on the debate between neo-authoritarianism and democracy); Wu Guoguang, "Ziyou: tuijin zhongguo xiandaihua zhuanxing de jiben daoxiang" ["Freedom: Basic Orientation of Promoting the Transformation of China's Modernization"] in Chen Yizi, et al., eds., *Zhongguo dalu de gaige yu fazhan* [Reform and Development in Mainland China], (Taibei: Guiguan Book Company, 1991), 123–152; Wen Guanzhong, "Zhongguo de ziyou jingji yu zhengzhi zhuanzhi" ["The Chinese Market Economy and Authoritarianism"] in *Zhishi fenzi* [The Chinese Intellectual] 26 (Winter 1992): 45–48; also, many essays on neoauthoritarianism written by Chinese abroad appear in Qi Mo, ed., *Xin quanwei zhuyi: dui Zhongguo dalu weilai mingyun de lunzheng* [Neo-Authoritarianism: Debates on the Future China] (Taipei: Tonson Books, 1991).

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YONGNIAN ZHENG, former assistant professor at Beijing University, is working on a study at Princeton University on de facto federalism in China.



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clude that China needs an authoritarian regime for fast and stable economic growth.

Neoconservatism is becoming popular among Chinese scholars.[2] In contrast, liberal intellectuals who are travelling in the West argue that a centralized state is unnecessary for fast economic growth; economic growth can be reached only after the collapse of this centralized state.[3] Other scholars contend that China cannot go forward in a pluralistic democracy and support stable economic progress without implementing a federal political system, requiring a fundamental loosening of central control.[4]

The purpose of this article is to provide a structural perspective to Chinese democracy. It argues that the development of democracy in China cannot be understood by assessing liberalism as a result of economic development alone. Instead, democratic development must be considered in the context of the connections between the state and development, a form of state-society relations. Those relations present external circumstances for democracy as a political system. Changes

[2] About the rise of neoconservatism in recent China, see, "Dalu xin baoshou zhuyi de jueqi" ["The Rise of Neo-Conservatism in Mainland China"], *Zhongguo shibao zhoukan* [Chinese Times Weekly], part 1 and 2, 26 January 1992 and 1 February 1992.

[3] See Li Xianglu, "Weishenma shuo fenquan gaige de fangzhen shi zhengque de" ["Why Do We Say that the Decentralization Line for Reform is Correct?"], *Chinese Intellectual* (Fall 1940). Li argues that only after the state's control over the country is seriously weakened, is it hopeful for Chinese market economy and democracy. Zhang Xin, "Quyu jingji zizhi de kexingxing" ["On Implementing Regional Economic Autonomy in Mainland China"] in Chen Yizi, et al., eds., *Zhongguo*, 51–66. Zhang contends that a centralized state is the main obstacle to Chinese economic take-off. After the collapse of this state, "the invisible hand, the market, will lead individual self-interested behavior to an effective resource allocation for the whole society." Within every economic region, citizens have rights to choose their own economic, political, and any other institutions. Every autonomous region can issue its own currency, make its own development strategy, have independent international trade, and determine whether or not to be independent from other regions. In a word, it is an independent economic "state." Yang Xiaokai, "Zhongguo jingji tizhi gaige de jiaoxun" ["Lessons from Chinese Economic Institute Reforms"] in Chen et al., eds., *Zhongguo*, 99–122. Yang suggests that China will speed up its economic development if the country is divided into various small states.

[4] See Yan Jiaqi, former adviser of Zhao Ziyang and director of the Institute of Political Science of Chinese Academy of Social Sciences, *Lianbang Zhongguo guoxiang* [On Federal China] (Taipei: Lianjing Book Company, 1992); "Minzhen mubiao: jianli zhongguo lianbang" ["The Goal of the Front for Chinese Democracy: Establishment of a Chinese Federation"], *Shijie ribao* [*World Journal*] (New York), 4 August 1989, 1; "Ruhe kandai ershishiji de zhongguo lishi?" ["How Should Twentieth-Century Chinese History Be Looked At?"] *Shijie Ribao* (*World Journal*), 14 September 1989, 16; Jiang Meiqiu, "Zhongguo minzu goucheng yu weilai de lianbangzhi geju" ["The Structure of Nationalities and the Future Federal System in China"], Papers of the Center for Modern China, no. 8, June 1991.

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in state-society relations in China have originated from economic growth in the reform years.

The article is divided into two sections. The first will examine changes in state-society relations and their meaning for democracy. The second section will explore why changes in state-society relations have not led to democracy.

## Reforms, Development, and Changes in State-Society Relations

In post-Mao China, the Four Modernizations of industry, agriculture, the military, and science and technology have highest priority in state agendas. Although the state legitimatizes the "fifth modernization"—that is, political democratization—economic growth is doubtless the state's most important goal. The achievement of this specific and narrow goal must be judged quite successful. A World Bank 1990 country study reports:

> Over the last decade, China's GDP growth rate has averaged 9.5 percent per annum. Investment was high throughout and was matched by a strong savings performance, which contained the need for external borrowing. Industrialization and modernization increased the competitiveness of China's manufactures in the international market and merchandise exports grew from $18.3 billion in 1980 to $52.5 billion in 1989. China's share of international trade rose from 0.97 percent to 1.7 percent during the same period. The average income of the 800 million rural population more than doubled and absolute poverty receded nationwide. In 1988, some 13 percent of rural households fell below the poverty line, compared with 17 percent in 1981. Infant and child mortality declined, the rate of population growth was slowed and universal education of five years was achieved.[5]

In post-Mao China, politics slowly receded in importance as the Chinese leadership implemented a new political line stressing a pragmatic approach to rebuilding the country's economy, rather than the class struggle which prevailed in Mao's time. From the 1978 Third Plenum onward, various strategies of economic growth have been established in Beijing. Farmers and nonagricultural (industrial, commercial, transport) enterprises now have greater freedom to determine the composition and pricing of outputs, to retain profits, and to decide on the disposition of retained earnings. Administrative decentraliza-

[5] *China: Between Plan and Market* (Washington, DC: The World Bank, 1990), xxi.

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tion has transferred more of the authority to plan and manage economic activity from the central government to provincial and local bodies. Central control over the economy has been scaled back by reducing the number of commodities, the volume of production subject to mandatory plan targets, and the share of key products distributed through state controlled channels. Resources previously monopolized by the state have been transferred to enterprises and rural producers.

The Deng Xiaoping regime proposed an anti-egalitarianism line at the beginning of the 1980s.[6] The most obvious consequence of this new economic line is the formation of a multifaceted economy. Although China remains an economy where public ownership is dominant, the government has permitted other forms of ownership, including private, cooperative, foreign joint venture, and so forth. According to an official's incomplete statistic, up to 1987 there were 225,000 private enterprises and 3.6 million employees.[7] China has also accelerated its international economy because of the post-Mao regime's open door policy. Western influences have been penetrating China's old protective isolationism. China's external trade, now equivalent to over a quarter of the GDP, has opened up the economy significantly. The creation of several Special Economic Zones with adequate infrastructure, legislation governing foreign investment, and the steady elaboration of laws defining the rights of overseas businesses operating in China have helped attract a large volume of foreign capital. Meanwhile, there has been progress in Chinese technology. From 1981 to 1986, China introduced more than 2,100 foreign technological items, not including items at the local level. These items cost more than 9 billion U.S. dollars.[8]

[6] See *Selected Works of Deng Xiaoping (1975–1982)* (Beijing: Foreign Language Press, 1983), 163–64. Deng says, "In economic policy, I think we should allow some regions and enterprises and some workers and peasants to earn more and enjoy more benefits than others in accordance with their hard work and greater contribution to society. If the standard of living of some people is raised first, this will inevitably be an impressive example to their 'neighbors,' and people in other regions and units will want to learn from them. This will help the whole national economy to advance wave upon wave and help the people of all our nationalities to become prosperous in a comparatively short period."

[7] Liang Zhuanyun, "Woguo siying qiye de fazhan qingkuang he guanli zhong de wenti" ["The Development of China's Private Economy and Its Problems in Management"] in The Research Group for China's Private Economy During the Seventh Five-year Plan, ed., *Zhongguo de siying jingji* [China's Private Economy], (Beijing: The Chinese Academy of Social Sciences Press, 1989), 8.

[8] Shen Qiuchang, *Jishu yinjin yu xiandaihua* [*The Introduction of Technology and Modernization*] (Chongqing, Sichuan: Chongqing Press, 1989), 10.

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With economic development, political changes have also been introduced into Chinese political life. Although it is hard to believe that China's political system is becoming a liberal one, China's political system is departing from the old totalitarianism and is tending to be more authoritarian. Harry Harding calls it a "consultative authoritarian regime" characterized by "a significant departure from the totalitarianism of the past but not yet a fully democratic, or even a quasi-pluralistic, political system. . . . It is increasingly consultative in its recognition of the need to obtain information, advice, and support from key sectors of the population, but still authoritarian in its desire to suppress dissent and maintain ultimate political power in the hands of the party."[9]

According to Harding, China's political reform in the post-Mao period can be categorized in terms of five aspects: encouragement of a reconciliation between the party and society by reducing the scope and arbitrariness of political interference in daily life; expansion of opportunities for popular expression in political affairs, albeit with limits on the reform and content of political expression; efforts to revitalize all institutions of governance by restaffing them with younger and better educated officials and by granting them greater autonomy from party control; measures to restore normalcy and unity to elite politics so as to bring to an end the chronic instability of the late Maoist period and create a more orderly process of leadership succession; steps to redefine the content and role of China's official ideology so as to create a new basis for authority in contemporary Chinese politics.[10] Although the state adopted these reform measures to cope with a serious political crisis and maintain party governance, the establishment of these measures created the possibility for further political changes. For example, changes of the cadre system introduced a strong potential element for changing the old political system, even though the party reformed the cadre system in order to revive itself and promote economic progress.

The Chinese political system is not a liberal one, but individual leaders are becoming liberal. They were recruited into the system because of their performance and their better education. They represent a liberal force in the system. Compared to the old generation of leaders,

[9] Harry Harding, "Political Development in Post-Mao China" in A. Doak Barnett and Ralph N. Clough, eds., *Modernizing China: Post-Mao Reform and Development* (Boulder, CO: Westview Press, 1986), 33.

[10] Ibid., 17.

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newly recruited cadres can tolerate differences and have less ideological loyalty. They are thus liberal toward individual citizens' diversified behavior, although they have vague attitudes toward democracy.

China's political system is changing institutionally bit by bit if not systematically. For example, China has carried out a local direct election system: delegates to middle-level people's congresses are selected by direct election. Meanwhile, the National People's Congress (NPC) has extended its functions in China's politics. Today it has established a number of functional standing committees to consider and discuss state matters regularly.[11] In addition, other consultative mechanisms such as "democratic parties," the Chinese People's Consultative Conference, and some professional academic associations and research institutions are also encouraged to participate in politics through discussing political agendas, initiating or considering state policy, and providing information for the state's decision making.[12]

The role of China's media is undergoing changes. Although the media are still not an independent mechanism in shaping political agenda, they have played some part in promoting change before the June Fourth 1989 crackdown. First, they encourage transparency in state policy making. The media are becoming involved in almost every major conference, reporting ideas expressed. Second, the media connect voices from above and below. They have been an important channel for individuals, especially intellectuals, to participate in politics. Third, they occasionally reveal corruption among state officials. As a well-known journalist writes, "[In the past], the media have become more and more directly involved in the country's highest level party affairs, governmental affairs, even legislative and judicial activities. They actively build a bridge between people and government, between masters and servants. They have been an important channel to guarantee the people's right to know, to participate in and discuss politics and to supervise state politics."[13]

Economic growth and political progress have had a great impact on individual behavior and thus have significance for China's fifth

[11] On the NPC reforms, see Kevin J. O'Brien, *Reform Without Liberalization: China's National People's Congress and the Politics of Institutional Change* (New York: Cambridge University Press, 1990).

[12] On the role of Chinese intellectuals in policy making, see Carol Lee Hamrin, *China and the Challenge of the Future: Changing Political Patterns* (Boulder, CO: Westview Press, 1990).

[13] Hou Jun, *Piruan de yulun jiandu* [*Weak Supervision From Public Opinion*], (Beijing: Chinese Women Press, 1989), 86.

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modernization – democracy. China is now transforming from a planned economy to a mixed one. The market is playing an increasingly important role. In contrast to the planned economy, the base of a market economy is that every human being, as an owner of property, is economically independent and chooses how to cooperate with others in production (division of labor). The market economy is characterized by free choice. Individual initiatives are important. With economic development, economic rationality is changing human relationships and other human behavior and making human beings equalize. Although a market economy also leads to income difference and creates new kinds of difference, it does not create an unequal society, but rather changes the base of inequality. Under a market economy, inequality based on official rank and other political factors is replaced by inequality based on income and other economic factors. An individual's social status is determined more by economic factors, less by political factors. What is important for individuals is that they can change their social status by creating economic opportunity using their ability. They can try to get what only those who controlled political resources and thus controlled economic resources could get in the Maoist old days.

Survey data show that individual economic and political values are changing in contemporary China. Since 1978, Chinese living standards have been rising fast because of economic reform. Economic reform on the one hand increases uncertainty and risk in individual life; but on the other, it brings an individual hope and a possibility to develop oneself and realize one's expectations. In terms of individual values, most younger people are open minded in their choice of employment and their consumption preference. A survey demonstrates this trend (see Table 1). Most individuals prefer to take some risk to increase their income and raise their social status. In terms of age groups, 62 percent of young people chose the risky job. This rate is much higher than that of middle-aged and older people. This demonstrates a generation gap in individual values. Also, traditionally, China emphasized frugality. Individuals were asked to control their desires and reduce their consumption. The increased open-mindedness toward consumption among younger persons reflected by the data is the result of the past years of economic progress.

Values are becoming more individualistic. The data reveal that the generation gap is growing. When asked, "What do you think is improper behavior in daily life?" 46 percent of those 45 years old and

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TABLE 1

*Individual Values in China*

*Q. 1.* "There are two kinds of jobs. From the first, you can get high income and more opportunities to raise your social status. But you have to work hard and also risk losing your job. From the second, you can only get lower income but you do not need to work hard and you will not lose your job. If you have to choose between them for yourself or your children, which will you choose?"
*The Result:**

| | *The First* % | *The Second* % |
|---|---|---|
| Age: 18–30 | 62 | 31 |
| 31–45 | 47 | 46 |
| 46–60 | 48 | 45 |
| 60 and over | 42 | 51 |
| Whole survey | 54 | 39 |

*Q. 2.* "Mr. Zhang bought a watch several years ago. It works well now but is old-fashioned. He wants to buy a new one. What would you do?"
*The Result:**

| | *Get a New One* % | *Use the Old One* % |
|---|---|---|
| Age: 18–30 | 53 | 47 |
| 31–45 | 41 | 59 |
| 46–60 | 38 | 62 |
| 60 and over | 22 | 78 |
| Whole survey | 47 | 55 |

* $N$ = 4,124

Source: Adopted from Shang Xiaoyuan, *Zhongguoren de ziwo yizhixing renge* [*The Chinese Self-Controlling Personality*], (Kunming, Yunnan: Yunnan People's Publishing House, 1989), 222, 223.

younger chose "interfering in other people's privacy." Only 22 percent of those 40 years old and older selected this answer. When asked, "What do you think is most important in your life?" 40 percent of those 45 years old and younger chose "friends' confidence and respect of other people" and 20 percent of those 45–60 years old selected the same answer.[14] Table 2 reveals that most young people tend to pay more attention to their own interests. Concerning a possible promotion, we can see that 66 percent of those 30–45 years old chose "try to get myself selected" while 53 percent of those 46–60 years old selected the same answer. Compared to older people, fewer young people chose "to give up the opportunity." This reveals that individual interest is more important to the younger generation.

[14] Shang Xiaoyuang, *Zhongguoren de ziwo yizhixing renge* [*The Chinese Self-Restraining Personality*] (Kunming, Yunnan: Yunnan People's Publishing House, 1989), 225, 38.

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TABLE 2

*Individual Values in China*

*Q.* "There is an opportunity for a promotion in a unit. Both Mr. Zhang and his close friend Mr. Wang are qualified for the promotion, but only one can be selected. If you are one of them, what will you do?"
*The Result:**

| *Age* | *Try to Get Myself Selected* % | *Give Up* % |
|---|---|---|
| 30 and below | 67 | 22 |
| 31–45 | 66 | 26 |
| 46–60 | 53 | 40 |
| 60 and over | 51 | 44 |

* $N = 4{,}124$.
Source: Adopted from Shang, *Zhongguoren de ziwo yizhixing renge*, 228.

The data presented in the Table 3 demonstrate that political values are also changing, particularly attitudes toward the socialist state. Although most people still identified with the socialist state in 1987, nearly half the interviewees were already indifferent to it. After the death of Mao, Deng's regime faced a serious political crisis—a crisis of political identity. Deng and his reformist successors carried out a series of measures to revive people's confidence in the socialist state.

With progress in economic reforms, individuals gradually increased their income and raised their living standards. Politically, they had relative freedom to pursue their own businesses and express their own ideas without state interference. Most of them then held positive expectations for a socialist state and believed that China could resolve her problems within the existing framework. Yet compared to Mao's time, individual loyalty to the socialist state is weakening, especially among young people.

Another nationwide survey among urban citizens also confirms this tendency. When interviewees were asked, "Do you think that 'Love the socialist motherland' is the most important basic morality?" the distribution of those who answered "yes" was: only 28 percent among people 18–30 years old; 38 percent among those 31 to 45 years old; 46 percent for persons 46 to 60 years old; and 52 percent for those 60 and over.[15] For most individuals, what is important is not what form of state they should have and what ideological principles they should obey, but rather what form of state and what sort of principles will actually promote economic growth and bring about social change.

[15] Ibid., 231.

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TABLE 3

*Individual Attitudes toward the Chinese Socialist State*

Q. "Are you proud of the Chinese socialist state?"
R. Yes: 54%; no: 45% ($N$ = 1,721)

Q. "Do you agree with the following statement: 'In China, what is important is not to follow strictly some basic principles but to develop the economy and raise people's living level'?"
R. Yes: 56%; no: 44% ($N$ = 1,510)

Q. "Does the CCP's performance satisfy your expectations?"
R. Yes: 30%; no: 62% ($N$ = 1,419)

Q. "Do you want to be a CCP member?"
R. Yes: 43%; no: 57% ($N$ = 1,230)

Q. "Are you proud of yourself as a party member?"
R. Yes: 56%; no: 43% ($N$ = 472)

Q. "Do you think the CCP members have played a vanguard role?"
R. Yes: 18%; no: 78% ($N$ = 1,404)

Q. "Are you satisfied with the CCP's ultimate goal?"
R. Yes: 65%; no: 29% ($N$ = 1,405)

Q. "Are you satisfied with the CCP's current line and policy?"
R. Yes: 57%; no: 38% ($N$ = 1,405)

Q. "Are you satisfied with the CCP's social development goal?"
R. Yes: 52%; no: 47% ($N$ = 1,405)

Q. "How do you evaluate the role of the People's Congress?"
R. Functions well: 16%; functions poorly: 23% ($N$ = 1,709)

Q. "Do you have expectations that the People's Congress can play an important role in the building of Chinese democracy?"
R. High expectation: 39%; no expectation: 14% ($N$ = 1,600)

Q. "Do you agree with the statement that one main reason that China has developed so slowly is its political institutions?"
R. Yes: 72%; no: 28% ($N$ = 1,369)

Q. "Do you think now it is necessary to reform the Chinese political system?"
R. Yes: 67%; no: 19% ($N$ = 1,337)

Q. "Do you agree with the statement that China needs democracy?"
R. Yes: 75%; no: 19% ($N$ = 1,391)

Source: The data are based on 1987 political culture and political attitude survey. Adopted from Min Qi, *Zhongguo zhengzhi wenhua* [*Chinese Political Culture*], (Kunming, Yunnan: Yunnan People's Publishing House, 1989), 33, 35, 98, 99, 101, 64, 66, 83, 179.

A change in individual attitudes toward the existing political institutions also has occurred. Data reveal that most people have recognized that to reform the party is the most crucial of all political reforms. Only 15 percent believe that the NPC has played an important role, 46 percent believe that it has played an unimportant role, and 23 percent believe that it has not played any essential role in Chinese politics. Only 39 percent have high expectations for the NPC and believe that

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only by improving the NPC can Chinese democracy be achieved. Another 39 percent do not have high expectations for the NPC, because to improve the NPC is only one aspect of democracy. Fully 14 percent feel that under the existing regime there is no possibility for people's delegates to represent people's real interests. Thus, to rebuild the NPC is not the starting point of political democratization in China. Instead, China needs to make more efforts to construct the instruments of democracy.

A most dramatic change occurred in individuals' faith in the Communist party (the CCP). The party has faced serious criticisms from individuals since the reform began. Only 30 percent think the party's performance has been satisfactory, and 62 percent think not. This striking change in individuals' faith in the party has made the party much less appealing not only to nonparty individuals, but even to some party members. Fully 57 percent do not expect to be a party member. Another 43 percent of party members are no longer proud to be party members. Only 18 percent believe that party members have played a vanguard role; 78 percent think they have not. In addition, many individuals begin to cast doubt on the party's ultimate goal, that is, leading the country toward a communist society. Nearly 29 percent are not satisfied with the party's ultimate goal; 47 percent are not content with the party's social development goal, and 38 percent are not comfortable with the party's line and policy.

Discontented with the state's behavior, individuals assign high priority to institutional reforms. Almost three-quarters argue that the political system itself has led to China's slow pace of progress. Two-thirds contend that it is necessary to reform the political system. Democracy is a desirable alternative. Three-quarters believe that China needs democratic politics, despite their varying views of democracy.

## Obstacles to Democracy

This article so far has demonstrated the impact of economic progress on state-society relations in China. I contend that the introduction of the market economy has given rise to new social forces and attitudes. In this section, I will examine why changes in state-society relations did not lead to the establishment of democracy.

Three theories have been relevant for understanding the conditions for democracy. First is a theory that perceives democracy as a form of government likely only in market or capitalist economies. The second

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views democracy as more likely to be sustained in wealthy or economically developed societies. The third posits that well established political traditions of compromise politics and of checks and balances on central power help countries evolve into democracies. Taken together, all these theories suggest a logical connection between democracy and market economy.[16] Atul Kohli summarizes:

> Capitalism, as an economic system based on private property, provides a fundamental check on state power. It generates a "private sphere" of social and economic activity separate from the "public sphere." And it is this separation between the public and the private realms that is an initial and necessary condition for the evolution of democracy as a form of limited government. Moreover, the division into the public and the private realms makes the sphere of legal and political equality somewhat separate from that of substantial social and economic inequalities. Separating political equality from economic inequalities not only lays the basis for legitimate elected governments in inegalitarian societies. It also opens up the hope and opportunity . . . of modifying inherited inequalities through the use of democratic state power.[17]

An understanding of the development of associations between capitalism and democracy can shed some light on why economic growth did not lead to democracy in China.

Why did economic growth liberalize politics a bit but not democratize China's political system? This article argues that the development of democracy in China cannot be understood by reviewing democracy as a result of economic development alone. Instead, democratic development must be considered in the context of the connectedness between the state and development. The state in a developing country like China is not only an agent of political order; it is also responsible for facilitating socioeconomic development. In other words, differing from states in the West, state authorities in China have to generate capitalism and economic development. The state thus faces a dilemma between economic development and democracy. The state must attempt to establish legitimacy and order, on the one hand, and has to promote socioeconomic changes from above on the other. But the state authorities often find that these two sets of goals are in conflict.

[16] See Charles Lindblom, *Politics and Markets: The World's Political-Economic System* (New York: Basic Books, 1977), esp. part v; Samuel Huntington, "Will More Countries Become Democratic?" *Political Science Quarterly* 99 (Summer 1984): 193–218; B. Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1966), esp. chap. 6.

[17] Atul Kohli, "Democracy and Development" in John P. Lewis and Valeriana Kallab, eds., *Development Strategies Reconsidered* (New Brunswick, NJ: Transaction Books, 1986), 165.

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Whereas democracy tends to require that the state accommodate many competing demands, effective performance of developmental functions pushes the state to stand above society in order to act as a rational agent of change. This tension seems to be irreconcilable in China's case. The state often enforces its rational order on society, which tries to free itself from the state.

Democracy requires a nonpolitical, a societal sphere. Development, however, demands that the state penetrate into society. In other words, both economic growth and creation of civil society are political tasks. The state is thus in command of socioeconomic change. State domination of society makes it difficult for democracy to develop. Democracy is thus more likely to be a gift of the political elite to the society and less likely to be a political system that significant social forces create of their own volition as the West demonstrated.[18]

Having these theoretical considerations in mind, I turn to analyze the state-development association and its meaning for democracy. To do this, I consider politics as an independent variable. This is because I believe that economic reform heavily signifies interest redistribution; it thus creates political opposition. While the nature of the problem is essentially economic, the key to the nature, scope, and pace of reform lies in the political realm.

One school of thought has contended that China's reforms did not spring from "a massive spontaneous surge of the Chinese peasantry back to family farming."[19] Instead, the idea of family farming came from high authorities, who used the usual machinery of command to make a reluctant peasantry accept the new system. Harry Harding focuses on the role of Chinese elites in reforms. It seems to Harding:

> [The] objective problems at the time of Mao's death still do not explain the extent of the reforms that have occurred under Deng Xiaoping. . . . The immediate cause of reform was the existence of a reform faction within the Chinese Communist Party, its successful struggle to gain supremacy over more

[18] Ibid., 168.

[19] Kathleen Hartford, "Socialist Agriculture is Dead; Long Live Socialist Agriculture! Organizational Transformations in Rural China" in Elizabeth J. Perry and Christine Wong, eds., *The Political Economy of Reform in Post-Mao China* (Cambridge, MA: Harvard University Press, 1985). An alternative line of thought contends that the rural reform was initiated by the peasantry, but it does not deny the role of the state in promoting reforms. See John P. Burns, "Chinese Peasant Interest Articulation" in David S. G. Goodman, ed., *Groups and Politics in the People's Republic of China* (Cardiff, Wales: University College Cardiff Press, 1984), 126–51; Daniel Kelliher, "The Political Consequences of China's Reforms," *Comparative Politics* 18 (July 1986): 479–493.

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conservative rivals, and its skillful strategy to launching and sustaining a bold program of political and economic renewal.[20]

Leadership does matter in Chinese reforms. The sources of the reform ideas of leadership are thus a crucial variable in interpreting the nature of their reform and strategy. Past experience of the post-Mao reform leadership determines that they give high priority to economic construction rather than political rebuilding.[21] The Deng Xiaoping regime has been committed to market economy and economic growth. Political reform should thus be subordinate to economic growth. The state in its relations with economic development has not only to promote the development of the market, but also to make strategic plans for economic progress. The state must use its administrative mechanism to protect the development of market mechanisms. Administrative power should be strengthened in order to provide favorable conditions, especially stable politics, for market development. Without such a political instrument, both "reform" and "open door" are impossible.[22] The reforming coalition does believe that political reform or political development itself is desirable, because "without political institutional reform, the achievements of economic institutional reform cannot be secured. Also, economic reform will not be able to continue further."[23] On the other hand, "without democracy, there will be no socialism and socialist modernization."[24] A precondition of political development, however, is the provision of very favorable conditions for economic progress. Political stability must be given highest priority. "[China's] modernization needs two prerequisites. One is international peace, and the other is domestic political stability. . . . A crucial condition

[20] Harry Harding, *China's Second Revolution: Reform After Mao* (Washington, DC: Brookings Institution, 1978), 39. Also see his "Political Development in Post-Mao China" in Barnett and Clough, eds., *Modernizing China*, 13–37.

[21] See E. Perry and C. Wong, "The Political Economy of Reforms in Post-Mao China: Causes, Content, and Consequences" in Perry and Wong, *The Political Economy of Reform in Post-Mao China*, 1–27; Steven M. Goldstein, "Reforming Socialist Systems: Some Lessons of the Chinese Experience," *Studies in Comparative Communism* 21 (Summer 1988): 221–237.

[22] Deng Xiaoping, *Deng Xiaoping wenxuan* [Selected Works of Deng Xiaoping] (Beijing: Renmin Chubanshe, 1983), 364. Also see, Zhang Bingjiu, "Jingji tizhi gaige yu zhengzhi tizhi gaige de jincheng yu xietiao" ["Processes and Coordination of Economic and Political Institutional Reforms"] in Liu and Li, eds., *Xin quanwei zhuyi*, 1–26. Wu Jiaxiang, "Xin quanwei zhuyi shuping" ["A Critique of Neo-Authoritarianism"] in ibid., 34–38; and Wu, "Xin quanwei zhuyi yanjiu tigang" ["An Outline of Neo-Authoritarianism Study"] in Liu and Lin, eds. *Xin quanwei zhuyi.*

[23] Deng Xiaoping, *Jianshe you Zhongguo tese de shehui zhuyi* [Building Socialism with Chinese Characteristics] (Beijing: Remin Chubanshe, 1984) 138.

[24] Deng, *Wenxuan*, 154.

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for China's progress is political stability."[25] Without stable politics, domestic construction is impossible, let alone an "open door" policy.[26] So, if political reform or democracy undermines political stability, it is not worthwhile. In other words, an authoritarian regime is desirable if it can produce stable politics. In this context, "bourgeois liberalization" is harmful because it often leads to political discontent, even political demonstrations. Deng explains, "Why have we [the state] treated student demonstrations so seriously and so quickly? Because China is not able to bear more disturbance and more disorder."[27]

Furthermore, in this view, state constraints must be considered as an important variable in explaining state-society relations. Mao's legacy had greatly constrained the post-Mao regime's strategic alternatives for economic development. The regime was able to make policy independent of social forces, but it could not escape from its past inheritance. Deng's coalition chose decentralization as a development strategy mostly because of past experience. The Chinese economy, as many authors point out, had undergone several reforms before Deng's regime began economic reforms. During the Great Leap Forward and the Cultural Revolution, Mao found fault with highly centralized planning, so he sought to rely on the initiative of the localities. Provinces, counties, and communes were encouraged to be self-sufficient. By the 1970s at least, China's economy had a "cellular" quality.[28] Under such a cellular economy:

> Localities acted like entrepreneurs: developing local industries, providing coordination, finding customers, etc. The impact on the nature and operation of the economy was profound: central ministries and planning organs already weakened by the turmoil of the Cultural Revolution lost major sinews of financial and material allocative powers; important centrally managed industries found themselves in competition with localities for needed materials; local investment soared; protectionism hampered the movement of goods between

[25] Deng, *Deng Xiaoping tongzhi zhongyao jianghua* [Important Talks of Comrade Deng Xiaoping] (Beijing: Renmin Chubanshe, 1988), 8, 13.

[26] Deng, *Wenxuan*, 156.

[27] Deng, *Deng Xiaoping*, 13.

[28] See Harding, *China's Second Revolution*; Audrey Donnithorne, "China's Cellular Economy: Some Economic Trends Since the Cultural Revolution," *The China Quarterly* 52 (October–December 1972): 605–619; Nicholas Lardy, "Centralization and Decentralization in China's Fiscal Management," *The China Quarterly* 61 (March 1975): 26–60, and *Economic Growth and Distribution in China* (New York: Cambridge University Press, 1978); Michel Oksenberg and James Tong, "The Evolution of Central-Provincial Fiscal Relations in China, 1971–1984: The Formal System," *The China Quarterly* 125 (March 1991): 1–31.

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localities; and finally, where goods were exchanged, the medium was not always the plan. There was informal bartering and bargaining between economic or government units.[29]

This trend was not arrested in the post-Mao period. Instead, it accelerated. Deng's early reform decentralized power to the level of local government. But the reformers' goal is to decentralize power to individual enterprises and allow industrial enterprises to act according to economic criteria and to stop submitting to outside administrative interference. Enterprises were therefore permitted to retain more of their profits instead of remitting them to the central government. This measure was supposed to give enterprises the financial resources to make independent decisions and reward them for economic success. But this attempt to decentralize economic decisions to enterprises ran afoul of the growing power of local government, which did not want individual enterprises to retain profit. Instead, local governments began bargaining with the central government over profit retention and seized decision-making power in the enterprises. This intervention inhibited the more efficient behavior that reforms sought to elicit from industry.

On the other hand, decentralization has caused the decline of state fiscal resources. The consolidated government budget as a share of national income went down from an average of 38–49 percent in the late 1970s to 24–25 percent in 1988–1989. Decentralization enabled local governments to pursue pet projects, squandering funds needed for energy and transport infrastructures. Consequently, decentralization rather than promoting reform has limited its progress. In order to introduce a true market economy, Beijing has to free individual enterprises from local administrative meddling and regain control over funds for central investments in the infrastructure. The state must first recentralize in order to deepen decentralization, as many authors suggest.[30]

[29] Goldstein, "Reforming Socialist Systems," 226–227.

[30] On decentralization and its result, see ibid., 221–237; Daniel Kelliher, "Political Consequences," 479–493; Barry Naughton, "False Starts and Second Wind: Financial Reforms in China's Industrial System" and Christine Wong, "Material Allocation and Decentralization: Impact of the Local Sector on Industrial Reform" in Perry and Wong, *Political Economy of Reforms*, 223–252, 253–278; Barry Naughton, "The Decline of Central Control over Investment in Post-Mao China," Dorothy Solinger, "The 1980 Inflation and the Politics of Price Control in the PRC," and David Bachman, "Implementing Chinese Tax Policy" in David M. Lampton, ed., *Policy Implementation in Post-Mao China* (Berkeley: University of California Press, 1987), 51–80, 81–118, 119–153; and Christine P. Wong, "Central-Local Relations in An Era of Fiscal Decline: The Paradox of Fiscal Decentralization in Post-Mao China," *The China Quarterly* 128 (December 1991): 691–715.

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A decentralization strategy will necessarily lead to the rise of civil society. China's short-term economic growth doubtless has had a close relationship with this development strategy. But because this reform measure is concerned with interest redistribution, local governments, as interest maximizers, took over power that the state wanted to dispense to individuals. As a consequence, decentralization has given rise to localism. This localism is as follows:

> First, the state reforming policies lack administrative authority and are often distorted due to the disturbance of "countermeasure" [of local governments]. Every locality has its own policy and behaves on its own will. Central-local relations are thus difficult to coordinate. Second, localism is a self-interested phenomenon. Third, [localism] promotes mutual comparison among localities. Every locality develops its economy blindly, overlaps in its construction, extends extra-budget construction on an unlimited scale, and focuses on short term investment. . . . Fourth, local protectionism is becoming popular. This protectionism cuts off a primitive unified market, which is underdeveloped, into various small pieces. . . . Localism has made it difficult to distribute resources and adjust industrial structure rationally. It is also a trauma for a developing market.[31]

The attempts at decentralization have resulted in macroeconomic as well as institutional imbalances, which in turn led to economic instability. The lag between administrative decentralization and the creation of an institutionalized capacity for macromanagement gave rise to excessive monetary expansion that stoked inflation. Because of slow progress toward nationally integrated and competitive markets that would supplement the now diminished planning mechanism as a source of discipline, decentralized industrial management has permitted provincial bureaucracies to push ahead with unsustainable rates of expansion. These and other economic problems ultimately turn into political problems. The state must take various measures, both political and economic, to stabilize its economy. These measures often have a major impact on the progress of civil society. For instance, the state's recentralization efforts after the crackdown on the 1989 democracy

[31] Huang Shiqing and Zhang Dehua, "Xianshi xuyao quanwei, quanwei xuyao zhiyue" ["Reality Needs Authority, and Authority Needs to Be Checked"] in Liu and Li, *Xin quanwei zhuyi*, 295–296. Also see Wang Huning, "Zhongguo bianhua zhong de zhongyang he difang zhengfu de guanxi: zhengzhi de hangyi" ["The Changing Relationship Between China's Central and Local Governments: Connotations of Politics"], *Fudan daxue xuebao* (Journal of Fudan University, Shanghai), no. 5 (1988): 1–8; "Jifang pingheng: zhongyang yu difang de xietong guanxi" ["Balance between Centralization and Decentralization: Coordinative Relationship Between Center and Locality"], *Journal of Fudan University*, no. 2 (1991): 27–36.

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movement constrained the development of both local economy and new political forces.

Equality is another important variable in understanding the relation between state control and economic progress. For the reform coalition, the market is necessary for Chinese economic growth, but the market economy develops unevenly. This has significant political consequences. Smooth and fast development of a market economy requires relatively equal interest distribution among various social groups and areas. State interference is needed to achieve such a distribution. Deng's coalition has used uneven development strategy, breaking from Mao's egalitarian legacy. This strategy has been followed by the household responsibility system, industrial contract system, Special Economic Zone policy, the coastal development policy, and others. The state, however, must avoid extremely uneven income distribution and economic development, because development without basic equity will lead to political instability for China, which has such a long egalitarian tradition.[32] Given an extremely uneven economy, the state's effort to achieve basic equity will necessarily hinder fast progress of a middle class, which has been a basic pillar of democracies in the West, because the state needs to transfer wealth from the rich to the poor, from rich regions to poor areas.

In the last analysis, every developing state needs to achieve at least three goals in the course of modernization: growth, equality, and control. Politics is embedded in all three goals. In other words, the achievement of these goals is a political task. While these three goals are in theory complementary, in practice they often conflict. The state needs to adjust its policy priority repeatedly. Democracy, which means competitive politics, often becomes a victim of conflicting goals.

## Cultural Context

I have considered democracy in the context of economic development. In this section, I will examine another important variable—political culture—and its meaning for democracy. The political culture of a society has been defined by Sidney Verba as "the system of empirical beliefs, expressive symbols, and values which defines the situation in

[32] Huang Shihua and Zhang Deqing, "Xianshi xuyao quanwei," 298. Also, World Bank, *China: Between Plan and Market*, 55–58.

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TABLE 4

*Authoritarian Orientation in China*

*Q.* "Among the values listed, which do you think can exemplify individual values best?"
*The Result:**

| *Value Items* | *%* |
|---|---|
| Diligence | 56 |
| Frugality | 49 |
| Pragmatism | 40 |
| Conservatism | 37 |
| Obedience | 35 |
| Personal connections | 28 |
| "Face" saving | 28 |
| Sociability | 7 |
| Risk taking | 3 |

* $N = 4{,}124$

Source: Adopted from Shang, *Zhongguo ren de ziwo yizhixing renge*, 30.

which political action takes place."[33] I have argued that democracy in China is more likely to be a gift of the elite to the society. Society's attitudes toward and demands for democracy are thus important, because elites often are reluctant to give such a gift to society if there is no pressure from society.

Data demonstrate that most Chinese are still authoritarian and conservative, as Table 4 shows. We can see most individuals selected "diligence," "frugality," "pragmatism," and "conservatism" as individual values. Only 3 percent chose "risk taking." A 1986 survey shows 69 percent of urban citizens prefer "a stable life and rich material interests"; 14 percent prefer "independence and freedom from other's control."[34] A 1985 survey shows 80 percent of people prefer "a stable life but less opportunity to increase income." Only 19 percent prefer "an unstable life but more risk and opportunity to increase income."[35]

Individuals' basic values necessarily have economic and political meaning. For instance, although a little inflation does not affect their living standards very much, most individuals cannot understand price re-

[33] Sidney Verba, "Comparative Political Culture" in Lucian W. Pye and Sidney Verba, eds., *Political Culture and Political Development* (Princeton, NJ: Princeton University Press, 1965), 513.

[34] The Institute of Chinese Economic Institutional Reform Studies, "Renmin dui jiage gaige de shehui xinli fanying: ba chengshi diaocha" ["People's Social Psychological Reaction to Price Change: A Survey in Eight Urban Cities"] in *Shehuixue yanjiu* [Studies of Sociology] no. 6 (1987).

[35] The Institute of Chinese Economic Institutional Reform Studies, *Gaige: women mianlin de tiaozhang yu xuanze* [Reform: Challenges and Choice Facing Us] (Beijing: Chinese Economic Press, 1986), 87.

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TABLE 5

*Individual Attitudes Toward the Chinese State*

| |
|---|
| *Q.* "Do you agree with the statement that if one is disappointed with the state he may not love it?" |
| *A.* Yes: 25%; no: 75% (*N* = 1,712) |
| *Q.* "Do you agree with the statement that if one is disappointed with the state he may betray it?" |
| *A.* Yes: 14%; no: 86% (*N* = 1,705) |
| *Q.* "Do you agree with the statement that ordinary people should be responsible for the state's rise and decline?" |
| *A.* Yes: 94%; no: 6% (*N* = 1,731) |
| *Q.* "Do you agree with the statement that we should trust and obey the government because the ultimate goal of the government is to serve us?" |
| *A.* Yes: 74%; no: 16% (*N* = 1,718) |
| *Q.* "Do you agree with the statement, 'without government you would not have what you have'?" |
| *A.* Yes: 51%; no: 49% (*N* = 1,713) |
| *Q.* "Do you have confidence in the central government?" |
| *A.* Yes: 69%; no: 23% (*N* = 1,664) |

Sources: Adopted from Min, *Zhongguo zhengzhi wenhua*, 23, 25, 27, 195, 70, 68.

form. Surveys were made in 1985 after the state implemented a non-staple food price reform. When asked to answer the question, "Some argue that the price reform will be ultimately favorable for the country's economic prosperity: do you think it is true?" 77 percent answered yes. When asked, "Do you think this price reform will facilitate the country's economic institutional reform?" 85 percent believed that it would bring a great or positive impact on economic reform, and only 13 percent argued that it would fail to promote, even slow, economic progress. However, only 31 percent believed that further price reform was necessary; 27 percent argued that further price reform should not be implemented within one or two years; 40 percent argued that the state should not carry out further price reform for a long time. A 1986 survey among Tianjin citizens demonstrates that 63 percent preferred not to increase their wages rather than to raise prices.[36]

In terms of their political values, most individuals show their strong need for the state (see Table 5 for details). Most individuals have high identification with the state. While many people are no longer proud of or are indifferent to the socialist state (as already demonstrated), most people still have high loyalty to the Chinese state. Fully 75 percent of individuals contend that one should love the state even if he or she is disappointed with it. Also 86 percent believe that there is no reason for one to betray the state, even though it cannot satisfy one's needs

[36] Ibid., 75–88.

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and expectations. Most individuals think that they should hold high accountability to the state. The government's authority is unquestioned and viewed as beneficial. Also 74 percent believe that they should trust in and obey the government, because the ultimate goal of the government is to serve them. Half believe what they have is given by the government, and 69 percent still indicate they had confidence in the central government.

Data also demonstrate that most individuals have high identification with leaders. Answers to the following questions demonstrate this trend. When peasants were asked (n. 466), "Do you agree with the statement that a given cadre can be a lifelong cadre if he or she performs well?" 60 percent of them said yes and 40 percent no. When questioned, "When disagreements exist, what do you think should be followed? A. majority rule; B. everyone can follow his or her own will; or C. listening to the leaders' opinions;" the result is: 44 percent of individuals (n. 1,689) believe majority rule should be followed; 15 percent selected the second alternative, and 25 percent selected the third. When questioned, "Do you think the CCP's leadership is necessary?" nearly 60 percent (n. 1,321) believe that it is always necessary; 30 percent believe that it is necessary now but will be unnecessary in the future; only 10 percent believe that it was necessary in the past but unnecessary now.[37]

State-centered individual values are also revealed in individual attitudes towards democracy. Although the 1987 survey shows that 75 percent believe that China now needs democracy, they identify with the state's explanation of democracy. Their conceptions of democracy more or less reflect the official definition of democracy, such as democratic-centralism, the mass line, "be master in one's own house" (*dangjia zuozhu*), and "make decisions for people" (*weimin zuozhu*). Also 25 percent of individuals believe in the concept of democracy under the leadership of centralism; 19 percent think democracy is to listen to and extensively solicit mass opinions; 12 percent consider democracy is a system in which people are the masters of the nation; 11 percent conceive of democracy as being a master for the sake of the people; 11 percent accept that democracy means that people have the right to participate in the management of social life; 7 percent believe democracy means the limitation and separation of political power.[38]

[37] Min Qi, "Zhongguo zhengzhi wenhua" [*Chinese Political Culture*] (Kunming: Yunnan People's Publishing House, 1989), 40, 190, 104.

[38] Ibid., 181.

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TABLE 6

*Individual Attitudes Toward Democracy at Beijing University*

Q. "Do you agree with the following statements?"

i. One major characteristic of democracy is that the minority obeys the majority but the latter should respect and protect the former.
*R.* Yes: 34%; no: 48%

ii. Democracy is of a class character.
*R.* Yes: 68%; no: 28%

iii. Chinese democracy can be accomplished through reform from above because of the Chinese people's low education and democratic sense.
*R.* Yes: 21%; no: 74%

iv. Democracy is the base of the legal system and the law system is the guarantee of democracy.
*R.* Yes: 78%; no: 9%

v. In socialist countries democratization of social and political life relies upon democratization within the Communist parties.
*R.* Yes: 59%; no: 31%

vi. The socialist market economy is the base of the socialist democracy.
*R.* Yes: 35%; no: 34%

vii. "Sida" (four bigs) model democrary (speaking freely, airing views fully, holding great debates, and writing big character posters) is an efficient model of democracy.
*R.* Yes: 18%, (conditional) 28%; no: 43%

viii. If the achievement of modernization requires sacrificing democracy, modernization is undesirable.
*R.* Yes: 51%; no: 28%

ix. Power checks and balances should exist within the socialist political system.
*R.* Yes: 68%; no: 15%

Q. "Do you think that a Chinese democracy can be accomplished in spite of China's long feudalist tradition?"
*R.* Impossible: 3%; possible in the long run: 96%; possible soon: 1%

Q. "Do you think there has been progress in building a socialist democracy since 1978?"
*R.* Yes: 44%; some progress: 50%; no: 6%

Q. "Do you pay attention to the party and the state's political activities?"
*R.* Often: 62%; some: 34%; no interest: 4%

Q. "Are you interested in China's democratic construction and progress?"
*R.* Strong interest: 42%; some: 42%; no: 5%

Source: Wang Fuchun and Wu Xiaojian, "Guanyu Beijing Daxue xuesheng minzhu yishi de diaocha baogao" ["A Survey Report about Beijing University Students' Conception of Democracy"] in *Zhengzhixue yanjiu* [*Political Science Studies*], (Beijing: The Chinese Academy of Social Sciences, 1989), 24–34.

It is important to look at college students' conceptions of democracy, because they are an integral part of the Chinese intellectual class that has been a major force in the struggle for democracy. Their conceptions of democracy can not only influence present politics, but also determine the future model of Chinese democracy to a large extent. A 1986 Beijing University survey reveals some basic attitudes towards democracy (see Table 6 for details). We can see that college students

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are optimistic about Chinese democracy. Most of them believe that democracy can be achieved through long-term endeavors even though China has a long nondemocratic tradition; that there are positive correlations between democracy and law; that democratization within the Communist party is important because the Communist party is the only party in power and its structure necessarily influences and conditions the whole process of democracy; and that a market economy is the basis for socialist democracy, because prerequisites of a market economy are freedom, equality, and competition, which are also essential for democracy.

However, most college students still identify with the official ideology of democracy. Fully 68 percent of Beijing University students believe that democracy is of a class character. They emphasize "the government of law not the government of man," "incorruptible and intelligent government," "democratic centralism," and "equal opportunity." But they overlook "periodic elections," "power checks and balances," and other important values.[39]

There is a great gap between liberal intellectuals and the masses. Intellectuals are more idealistic about democracy, while the masses focus more on material interests. Consequently, intellectual movements in the past years of reform did not attract a great part of the masses throughout the country. Surveys show, although most people understand student movements, they will not participate in such actions.[40]

## Conclusion: Prospects of Chinese Democracy

I have examined Chinese democracy in the context of state-society relations. Now we can see that democracy in China faces a number of structural obstacles. The first is the commanding position that the state occupies in relation to the society. The state's superior positioning is essentially antidemocratic; but is not easily done away with, because it is historically inherited. Because of Mao's legacy, China has often lacked economic dynamism. A cellular economy has made it hard to develop a unified market. Thus political action has been a primary source of dynamism. The state authority needs not only to provide

[39] Zhang Tao, "Daxuesheng dui minzhu de renshi, qinggan yu pingjia," ["University Student's Perceptions and Valuation"] in *Political Science Studies* (Beijing: The Chinese Academy of Social Sciences, 1989), 18–22.

[40] Min Qi, *Zhongguo zhengzhi wenhua*, 125–27, 185.

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public order but also to be responsible for facilitating economic progress.

The state simultaneously seeks different goals such as economic growth, equitable distribution, political stability, and national unification. These goals often conflict with each other. Democracy or human rights frequently become the victims of other goals. As one scholar argued in the mid-1980s, "except in the very long run, rapid development and human rights are competing concerns."[41] Although the Chinese leadership realizes the importance of political reform, it gives high priority to economic growth. Many leaders believe that if China is going to achieve high rates of economic growth, it will have to be a development-oriented authoritarian government. Democratic governments will be too soft and hence unable to mobilize resources, curtail consumption, and promote investment to achieve a high growth rate. An authoritarian system is more likely than a democratic one to be compatible with greater economic equality among different regions and individuals.[42]

As the economy develops, social forces are likely to develop and strengthen in relation to the state. But these developing social forces do not have enough capacity to build national coherence, mobilize resources, organize for task achievement, and provide economic dynamism. Consequently, the state must perform these functions. These social forces might produce pressure from below, but they are still controlled by the state. Democracy is likely a business of the state. The masses often enter politics only when elites mobilize them for their own political purpose. There have been spontaneous movements initiated by social forces, but they are not able to contest the state.

There is also a cultural dimension. Although I do not believe that culture is a determinant variable, it does influence Chinese democracy. The masses' strong identification with the state will necessarily strengthen the state's commanding position and weaken social forces.

[41] Jack Donnelly, "Human Rights and Development: Complementary or Competing Concerns?" *World Politics* 36 (January 1984): 255.

[42] Those concerns are especially emphasized by the neoauthoritarian or the neoconservatism school and recognized by many leaders. About the content of this line of thinking, chiefly see Chen Yuan, "Woguo jingji de shenceng wenti he xuanze—guanyu woguo jingji fazhan geju he yunxing jizhi de ruogan wenti" ["Deep problems in our economy and choice—on some problems about the situation of our economic development and operating mechanism"], unpublished papers for internal use of government officials, March 1991; and *The Department of Thought and Theory of China's Youth*, "Sulian jubian zhihou zhongguo de xianshi yingdui yu zhanlue xuanzhe" ["China feasible countermeasures and strategic choice after dramatic changes in the Soviet Union"], unpublished papers for internal use of government officials, 9 September 1991.

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It is economic progress that has more significance for Chinese democracy, however. First, the state must change its basis of legitimacy. As data demonstrate, the old basis of state legitimacy is being weakened by economic development and political change. The state has tried to introduce a new basis of its legitimacy, that is, to accelerate the country's economic growth and to carry out limited political reform and let people's delegates have a say in politics to some extent. But the state-society relation has not been institutionalized. The 1989 democracy movement revealed the tension between the two. Since 1989, the state has had to implement further economic reform in order to improve its relation with the mass. Second, there is great potential for the rise of a counterelite. The Communist party is declining fast, although it still rules the country, and any other independent parties are still prohibited. But more and more individuals no longer believe that the ruling party is able to meet their expectations. Further, the leadership is no longer unified. There is also the possibility that the existing elite will be challenged by those who are alienated from the existing system or who rose from the masses as a result of liberalizing the existing system. Third, the state must change the basis of political agendas. In the past, almost all political agendas were set forth by the state. That time is gone now. The state is still playing an important role in establishing national agendas, but it has to pay attention to society, because without support from society, the state policy may not be successful.

Finally, with economic progress and political change, more individuals, especially intellectuals, are tending to be liberal. Although this does not mean that they will actually participate in politics, their being liberal is a potential pressure on the state to prepare channels for their possible participation. Therefore, democracy's failure to develop does not mean that China is not able to develop it. Its failure is due to some structural obstacles, which are difficult to eliminate in a short period of time. However, further economic progress will necessarily deepen changes in state-society relations, which will push China toward democracy.*

* I would like to thank Gilbert Rozman, Lynn White, and David Bachman for their useful comments and suggestions on earlier drafts.

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# Separation of Powers and the Politics of Independent Counsels

KATY J. HARRIGER

As a part of its post-Watergate reform efforts, Congress created an independent counsel arrangement in the Ethics in Government Act of 1978. After Richard Nixon fired Watergate Special Prosecutor Archibald Cox in the October 1973 Saturday Night Massacre, Congress sought to limit executive branch control of such investigations by providing for judicial appointment of an independent special prosecutor in cases involving allegations of criminal wrongdoing by high-level executive branch officials. Subject to a five year sunset provision, the statute was reauthorized in 1982 and 1987. Plagued by election year politics and the threat of a Republican filibuster in the Senate, Congress failed to reauthorize the provisions before they expired in December 1992. The provisions were revived as the obstacle of executive branch resistance was removed with the arrival of the Clinton administration. The Senate passed a new bill in November 1993, the House passed a slightly different version in February 1994, and a final version was adopted in June of 1994.[1]

[1] 28 U.S.C. 591–598 (Public Law 95–521) (1978); "Reno Backs Revival of Independent Counsel Law," *New York Times*, 16 May 1993; Holly Idelson, "Whitewater Boosts Prospects of Independent Counsel Bill," *CQ Weekly Report*, 15 January 1994, 73; Holly Idelson, "Stage Is Set for Swift Renewal of Independent Counsel Law," *CQ Weekly Report*, 12 February 1994, 333–334; David E. Rosenbaum, "Clinton May Gain as Counsel Bill Clears Congress," *New York Times*, 22 June 1994. The key issue in the 1993 reauthorization battle was the failure of Congress to include itself in the act's mandatory coverage. Critics claim Congress should be included. Supporters argue that there

KATY J. HARRIGER teaches in the Department of Politics at Wake Forest University, where she holds the Zachary T. Smith professorship.



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The debate about the constitutionality of this arrangement, both before and after its passage, has been part of a larger debate about the meaning of the separation of powers in the American political system. Supporters of the arrangement have seen the independent counsel as a "necessary and proper" response to the problem of conflict of interest, one well within Congress's powers to create. Their view of the separation of powers has been a "functional" or "dialectical" one that sees the system as adaptive and emphasizes the ambiguities of the distribution of powers in the system.[2]

During the 1980s, conservative intellectuals both inside and outside the Reagan administration put forth aggressively an argument for a "formal" or "positivist" view of the separation of powers doctrine, which emphasized the separateness of the branches and viewed the functions of each branch as clearly defined and delineated. Encompassed in this approach was a broad view of executive power sometimes breathtaking in its scope. Conservatives viewed the independent counsel statute as a prime example of an "imperial" Congress intruding upon executive power. The powers exercised by the independent counsel were powers to be controlled exclusively by the executive. The removal of the appointment power from the executive and the limitations on the attorney general's ability to remove the independent counsel meant that the arrangement was a blatant violation of the separation of powers doctrine properly understood.[3]

The conservative argument seemed to be aided by two landmark Supreme Court decisions during the 1980s that struck down the use of legislative vetoes and the automatic cuts provisions of the Gramm-

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is no inherent conflict of interest in the executive investigating members of Congress and that mandatory coverage might expand the jurisdiction of the independent counsel so far as to make it unconstitutional. Holly Idelson, "Independent Counsel Revision Survives Partisan Fight," *CQ Weekly Report*, 27 March 1993, 758–59.

[2] See for example Donald J. Simon, "The Constitutionality of the Special Prosecutor Law," *Univ. of Michigan Journal of Law Reform* 16 (1982): 45–73; and Carl Levin, "The Independent Counsel Statute: A Matter of Public Confidence and Constitutional Balance," *Hofstra Law Review* 16 (Fall 1987): 11–22. William Haltom labels this view "dialectical" in "Separating Powers: Dialectical Sense and Positive Nonsense" in Michael W. McCann and Gerald L. Houseman, eds., *Judging the Constitution* (Glenview, IL: Scott, Foresman, 1989), 127–153.

[3] See, for example, William French Smith, "Independent Counsel Provisions of the Ethics in Government Act" in L. Gordon Crovitz and Jeremy A. Rabkin, eds., *The Fettered Presidency: Legal Constraints on the Executive Branch* (Washington, DC: American Enterprise Institute, 1989); Terry Eastland, *Ethics, Politics and the Independent Counsel* (Washington, DC: National Legal Center for the Public Interest, 1989); and Gordon S. Jones and John A. Marini, eds., *The Imperial Congress: Crisis in the Separation of Powers* (New York: Pharos Books, 1988).

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Rudman Deficit Reduction Act.[4] The language and method adopted in striking down these congressional actions appeared to signal a new interest on the Court in a more formal approach to separation-of-powers jurisprudence. In particular, the decisions suggested that the Court was sympathetic to the argument that Congress was aggrandizing its power at the expense of the president. The theories that guided the analysis of the majority and Justice Byron White's dissents in these two cases represent the parameters of this theoretical debate: the majority reflecting a "formal" or "positivist" view of the doctrine, the dissent a "functional" or "dialectical" one.[5]

Critics of the positivist reading of the separation of powers doctrine argue that one of its major flaws is its failure to account for the reality of the way in which the branches interact in American politics. For example, William Haltom contends that the Court's positivist approach in *Bowsher v. Synar* (the Gramm-Rudman case) "could not accommodate the routine complexities of independent agents in the modern administrative state." As a result, the majority was forced to do violence to the facts of the case, overstating the degree to which the comptroller general was answerable to Congress (or conversely, understating his independence).[6] Similarly, in both *Bowsher* and *INS v. Chadha* (the legislative veto case), "the majority's insistence on exclusivity and exhaustiveness led them into incredible definitions of 'legislative,' 'executive,' and 'judicial'" powers. Thus, argues William Haltom, an adherence to positivism caused the Court to distort reality, ignoring the evolution of the separation of powers in the modern administrative state.[7]

Louis Fisher makes a similar argument in his study of the continued use of legislative vetoes after *Chadha*. He argues that "All three branches reached agreement long ago that the step-by-step, deliberate, and deliberative process [required by the Court in *Chadha*] is not appropriate for each and every exercise of the legislative power" and that "the persistence of the Administrative State is ample proof that the theoretical model of legislative action envisioned by the framers applies only in the most general sense to the 20th century."[8] The persistence in the

[4] *INS v. Chadha*, 462 U.S 919 (1983); *Bowsher v. Synar*, 478 U.S. 714 (1986).

[5] Haltom, "Separating Powers," 133–145.

[6] Ibid., 133, 136–138.

[7] Ibid., 133, 138–145.

[8] Louis Fisher, "Judicial Misjudgments About the Lawmaking Process: The Legislative Veto Case," *Public Administration Review* 45 (November 1985): 705.

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use of the legislative veto and similar arrangements is evidence that the political branches have rejected the Court's "simplistic solution" as "impracticable and unworkable." "Neither agencies nor committees," contends Fisher, "want the static model of government offered by the court."[9]

Peter Strauss argues that the formalism used in *Bowsher* "cannot describe the government we long have had, is not required by the Constitution, and is not necessary to preserve the very real and desirable benefits of 'separation of powers' that form so fundamental an element of our constitutional scheme."[10] In place of this "unworkable" approach, he suggests a functional approach that considers "the quality of relationships" that exist between an agency and the branches of government.[11] Rather than insisting on a particular relationship, he proposes "contextual analyses"[12] that examine the "overall character or quality" of the relationships.[13]

In its 1989 decision upholding the constitutionality of the Ethics Act independent counsel arrangement,[14] the Supreme Court appeared to step back from its positive reading of the separation of powers doctrine. Justice Antonin Scalia's lone dissent maintained the formalistic view that law enforcement, being executive in nature, must remain completely within the control of the executive branch. Congress may not, as the majority permitted, detach some small portion of that power and grant it to a judicially appointed independent counsel not removable at will by the executive. Scalia charged that this independent arrangement violated the separation of powers doctrine further because it created an officer answerable to no one. The role given the attorney general in triggering the initial appointment and in removing the independent counsel for "good cause" should be seen as "shackles" on executive power as opposed to grants of meaningful power to the executive branch.[15] Explicit in Scalia's formalist dissent are two assumptions subject to challenge from the functionalist approach. The first is his presumption that prosecution is a core executive function, no part of which may be removed without violating the separation of

[9] Ibid., 710.

[10] Peter Strauss, "Formal and Functionalist Approaches to Separation of Powers Questions—A Foolish Inconsistency?" *Cornell Law Review* 72 (1987): 492.

[11] Ibid., 493–94.

[12] Ibid., 526.

[13] Ibid., 494.

[14] *Morrison v. Olson*, 487 U.S. 654 (1988).

[15] Ibid., 697–734 (J. Scalia dissenting).

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powers doctrine. The second is his insistence that the independence of the independent counsel from direct control by the president makes the prosecutor accountable to no one.

The first assumption appears to have little historical support. Harold Krent notes that the current practice of executive control over law enforcement may be "sage policy" but that it "should not be confused with constitutional mandate." Historically, Congress has had the power to shape legislatively the executive's discretion in law enforcement in a number of significant ways.[16] Studies of the colonial and Framing periods demonstrate no such understanding of prosecution as an inherently executive function and instead find decentralized prosecution, some of which was initiated privately. A number of early state constitutions assigned appointment of public prosecutors to the judicial branch.[17] The historical record on executive control of prosecution thus illuminates the first flaw in the formalist's argument as it relates to the independent counsel: in 1787, prosecution fit no more neatly into a sharply compartmentalized distribution of power than it does today.

Study of the way in which the Ethics Act independent counsels have operated in practice suggests that the formalists' second assumption about lack of accountability is similarly flawed. The exercise of constitutional prerogatives by the other political and legal actors in the separation of powers system, including in no small part the attorney general, has worked to place significant restraints upon the independent counsels despite their apparent independence. When one considers, as Strauss suggests, the "overall characteristics or quality" of the institutional relationships, one discovers substantial accountability. The formalistic view that officers not falling neatly into one of three functional areas are in some way devoid of constitutional constraints ignores the realities of the separation of powers system in practice. The experience during the last decade with the use of independent counsels demonstrates the limits of the positivist analysis.

## The Executive Branch and the Independent Counsel

In creating an independent counsel arrangement, Congress sought to limit the supervisory authority of the attorney general over the attor-

[16] Harold J. Krent, "Executive Control Over Criminal Law Enforcement," *American University Law Review*, 38 (Winter 1989): 312.

[17] Stephanie A. J. Dangel, "Is Prosecution a Core Executive Function? Morrison v. Olson and the Framer's Intent," *The Yale Law Journal* 99 (1990): 1070–77.

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neys who would traditionally handle cases of executive branch wrongdoing. Thus, appointment of the special counsel was vested in a judicial panel instead of the attorney general;[18] the independent counsel was granted the "full power and independent authority to exercise all investigative and prosecutorial functions and powers of the Department of Justice, the Attorney General, and any other officer or employee of the Department of Justice";[19] the independent counsel was given the power to select a staff and determine its duties and salaries;[20] and ongoing Department of Justice investigations relating to the matters within the independent counsel's jurisdiction were to be suspended unless the counsel permitted their continuance.[21] On the other hand, the provisions contain a number of invitations for the exercise of power and influence by the attorney general and the Department of Justice. The attorney general is given the authority to make an initial determination of whether an independent investigation is warranted and to outline the jurisdiction of an independent counsel in his request to the judicial panel for an appointment.[22] The independent counsel is encouraged to consult with the U.S. attorney for the district within which the alleged crime occurred and to comply with established criminal enforcement policies of the Department.[23] Additionally, the attorney general is given the power to remove the independent counsel for "good cause."[24]

While Justice Scalia argued that the authority given the attorney general is meaningless, in practice attorneys general have exercised significant influence in the implementation of the provisions. Identification of the precise number of times the attorneys general have exercised their discretionary judgment under the act is difficult, since so much of the earliest stage of the process is obscured intentionally from public view. A formal estimate was obtained for the purpose of the 1987 reauthorization hearings. Based on Department of Justice reporting, the Senate subcommittee found that thirty-six cases implicating covered officials had been handled by the department between 1982 and 1987. Eleven triggered preliminary investigations, and eight

[18] 26 U.S.C. 49, sec. 593.
[19] 28 U.S.C. 594(a).
[20] 28 U.S.C. 594(c).
[21] 28 U.S.C. 597(a).
[22] 28 U.S.C. 592.
[23] 28 U.S.C. 594(a) (10) and (f).
[24] 28 U.S.C. 596(a) (1).

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led to the appointment of independent counsel. Two of these appointments never received public attention and were not officially announced by the court panel.[25] In 1992, Attorney General William Barr publicly refused to seek appointment of independent counsel on three occasions, despite considerable congressional pressure to do so. Twice, this refusal was in response to requests from congressional Democrats for an independent investigation in the Iraq/Banca Nazionale del Lavoro (BNL) scandal, and once it was the rejection of a request from congressional Republicans seeking independent investigation of Iran-contra Independent Counsel Lawrence Walsh.[26]

Clearly, the attorney general is exercising discretionary judgment in the early stages of the process. This filtering role is desirable to the extent that it eliminates frivolous and unfounded charges against always vulnerable public officials. But it also indicates that it is not the case, as Scalia suggests, that the attorney general is always forced to seek appointment of an independent counsel any time allegations against covered officials arise. Further, a look at a number of specific cases arising under the provisions demonstrates the significant amount of control the attorney general continues to have in deciding whether a preliminary investigation is needed, in declining to seek appointment of an independent counsel, in defining the jurisdiction of the independent counsel if one is sought, and in influencing the outcome of cases taken to trial.

Ronald Reagan's attorney general, Edwin Meese, experienced more scrutiny and oversight in his handling of Ethics Act cases than any of his predecessors because of the ethics cloud that hung over him when he entered office and because of his adversarial relationship with Congress. Consequently, Meese experienced greater political pressure than other attorneys general to use the independent counsel arrangement. Even here, however, there are several important examples that illustrate how Meese was able to exercise his discretion in interpreting the provisions in a way that maximized his control of the process.

Faith Whittesley, a personal friend of Meese and ambassador to Switzerland, was the subject of several allegations of official miscon-

[25] U.S. Congress, Senate, Committee on Governmental Affairs, *Independent Counsel Reauthorization Act of 1987*, Sen. Report 100–123, 100th Congress, 1st sess., 1987, 6–7.

[26] Carroll J. Doherty, "Barr Nixes Independent Counsel, Cites 'No Reasonable Grounds,'" *CQ Weekly Report*, 12 December 1992, 3809; and "Barr Rejects Call for a Counsel to Probe a Counsel," *CQ Weekly Report*, 12 December 1992, 3798.

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duct in 1986. It was alleged that she had used improperly (to entertain friends) money that had been donated to the embassy. Part of this entertainment included a party for Meese and his staff. Further, Whittesley allegedly gave a job to the son of one of the donors of the money shortly after the gift was received. Finally, Whittesley was accused of obstructing justice by threatening to dismiss the deputy chief of mission for cooperating in an investigation of these allegations.[27]

Meese's conclusion that no independent counsel was warranted for this case was based on assessments about the evidence that were not permitted by the standards guiding the attorney general's discretion under the statute. His report argued that while the funds had been improperly used, there was no evidence to suggest that the ambassador had any knowledge that the use of the funds was restricted. Regarding the job to the donor's son, Meese found no evidence of quid pro quo, despite the timely conjunction of the gift and the job. Finally, Meese concluded that the conflicting versions of the events leading to the obstruction of justice charge indicated that under similar circumstances a private citizen would not be prosecuted, and if prosecuted, would not be convicted.[28]

The Whittesley example demonstrates the amount of discretion and influence exercised by the attorney general at the earliest stages when allegations against covered officials are received. Without press attention, which then prompts inquiries from congressional overseers,[29] there is no way to know what allegations came in, and what decisions involving interpretations of facts and law have been made in disposing of the cases. If no report is made to the court panel, there is no legal means to hold the attorney general accountable at this stage of the process. The 1987 congressional oversight investigation found that since 1982 the Justice Department had closed more than two-thirds of the cases involving covered officials (25 of the 36) prior to conducting a preliminary investigation that would require a report to the court panel. In most of these cases the department conducted "threshold inquiries,"

[27] The allegations and the department's handling of them are discussed in American Bar Association, Section on Criminal Justice, *Report to the House of Delegates*, August 1987, 13. (Copy obtained from ABA.)

[28] Ibid., 13–14.

[29] Interview with Elise Bean, counsel for Senate Subcommittee on Oversight of Government Management, Washington, DC, 14 July 1989; interview with Mary Gerwin, minority counsel, Washington, DC, 17 July 1989.

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taking an average of two and one-half months, which resulted in determinations that there was insufficient evidence to trigger a preliminary investigation. In some of these cases, including the original investigation into the Whittesley allegations, that determination was not based on specificity or credibility of evidence but rather on a determination that the subject lacked criminal intent.[30] In the Whittesley case, the Department took six weeks to investigate the allegation, sending two investigators to Switzerland, France, and around the United States. Close to fifty interviews were conducted. "Elaborate factual and legal analyses"[31] were required. This in depth investigation led the attorney general to conclude that no statutory preliminary investigation requiring a report to the court panel was warranted. Later, congressional investigators suggested that the department was "conducting preliminary investigations in all but name to avoid statutory reporting requirements."[32]

In a later investigation into the obstruction of justice allegations against Whittesley, Meese did make a report to the court panel explaining his conclusion that no appointment of independent counsel was warranted. Meese argued that "a reasonable prosecutor would not seek an indictment" in this case and that appointment of independent counsel would be "unjust" because no harm had resulted from Whittesley's behavior and that she was under a good deal of stress at the time of the incident.[33] Again, in reaching these conclusions, Meese interpreted his decision-making power under the statute in a way that conflicted with the intent of Congress. One critic noted that Meese's judgment appeared to be based, at least in part

> on sympathy that he believed the Ambassador should be accorded. Reliance on grounds of compassion is precisely the sort of consideration inappropriate for one involved in a conflict of interest. The attorney general had worked together with the Ambassador in the White House and had been entertained by her in Switzerland. Could anyone in his position, sensitive to conflict of interest, be sure that his judgment that compassion was due was wholly uninfluenced by personal, official or political association?[34]

[30] Sen. Rpt. 100–123, 6–7.

[31] Ibid., 9.

[32] Ibid.

[33] Cited in *Testimony of Archibald Cox, Chairman of Common Cause, on the Independent Counsel Provisions of the Ethics in Government Act, before the Subcommittee on Administrative Law and Governmental Relations of the House Judiciary Committee*, 23 April 1987, 18. (Copy obtained from Common Cause.)

[34] Ibid., 19.

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One congressional staff member noted that the Whittesley case demonstrated "the one big flaw in the process. We still have to trust the attorney general to trigger the statute and we don't know if he doesn't."[35]

The attorney general's influence is illustrated further in the Theodore Olson case which arose out of the Environmental Protection Agency (EPA) controversy of 1981–1982. In this case Meese did seek the appointment of independent counsel. But in using his power to establish the jurisdiction of the investigation, he played a significant role in shaping the work of the counsel. The allegations in this case emerged from a bitter confrontation between Congress and the president over what was perceived to be the political manipulation of the Environmental Protection Agency by the Reagan administration. Two House subcommittees became embroiled in a legal dispute with the EPA, the Justice Department, and the White House over the release of certain documents that they deemed necessary to their investigation of the agency. Eventually the parties reached a political settlement, but there was lingering resentment in Congress over the role the Department of Justice had played in the executive privilege dispute. A House Judiciary Committee investigation into the department's role resulted in a 3,000 page report that suggested that Theodore Olson, assistant attorney general for the Office of Legal Counsel, had lied to the subcommittee during its investigation. It also accused Deputy Attorney General Edward Schmults and Assistant Attorney General for the Land and Natural Resources Division Carol Dinkins of obstructing the congressional investigation by withholding needed documents.[36]

After a lengthy preliminary investigation the Public Integrity Section of the Department of Justice recommended that the allegations against Schmults, Dinkins, and Olson be turned over to an independent counsel. It concluded that the case appeared to involve a "seamless web of events" and that any effort to separate the allegations and individuals out would be "artificial" and "may impede the independent counsel's ability to fully explore the allegations."[37] The head of the Criminal Division concluded that only Olson should be subject to investigation.

[35] Gerwin interview.

[36] U.S. Congress, House, Committee on the Judiciary, *Report on the Investigation of the Role of the Department of Justice in the Withholding of Environmental Protection Agency Documents from Congress in 1982–1983*, 98th Cong., 1st sess., 1985.

[37] Public Integrity Section Memo of April 4, 1986 cited in Alexia Morrison, *In Re Theodore Olson and Robert Perry. Report of the Independent Counsel*, 27 December 1988, 11.

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A special assistant to Meese, appointed to give advice in this case because of the large number of recusals, recommended that Schmults and Olson, but not Dinkins, be investigated by an independent counsel. Meese decided to refer to the special division of the court for independent investigation only the allegations against Olson for lying to Congress.[38]

The result of Meese's referral of only the Olson allegations was to place significant limitations on the independent counsel's ability to investigate the case. One of her deputies in the investigation described it as "requiring us to go into the investigation with clipped wings."[39] In comparing her experience with this case to past prosecutorial experience, Independent Counsel Alexia Morrison noted that "the jurisdiction problem demonstrated the difference between a normal prosecution where you get a file on a case or a person and you follow it wherever it may lead you. In this case the focus on a particular person (Olson) and the attorney general's ability to place limits on the jurisdiction, clearly limited the ability to investigate the case along whatever lines it led us. We had to make a lot of jurisdictional decisions, asking ourselves, 'Can we look at this?'"[40] Early in the investigation Morrison and her staff had concluded that taken alone, Olson's behavior was probably not criminal. But the investigators had serious concerns about the role Olson might have played in a broader conspiracy with Schmults and Dinkins to obstruct the congressional investigation.

> The House Judiciary report did not think it was just a problem of whether Olson told the truth. The report suggested a conspiracy at the highest levels of the Department of Justice to obstruct the inquiry into the EPA dispute. . . . We were concerned that the Committee may have had a point about what was going on at Justice. Our jurisdiction had been carved up in a very peculiar way and on the basis of what we could see, without being able to include Dinkins and Schmults in our review, there was a lot more reason to ask questions about them than about Olson.[41]

As a result of these concerns, Morrison requested an expansion of her jurisdiction in a letter to the attorney general. That request was denied. She turned to the special court panel responsible for her appointment, requesting that it expand her jurisdiction to include Dinkins

[38] Ibid., 10–15.
[39] Interview with Earl Dudley, Jr., deputy independent counsel, Arlington, VA, 13 July 1989.
[40] Interview with Alexia Morrison, independent counsel, Washington, DC, 21 July 1989.
[41] Dudley interview.

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and Schmults. The court panel concluded that it lacked the authority to overrule the attorney general's decision.[42] This decision was consistent with three earlier court decisions during William French Smith's tenure that found that the attorney general's discretionary judgments in deciding whether to investigate allegations and whether to seek appointment of independent counsel were not reviewable.[43]

The Iran-contra case provides further evidence of the meaningful role the attorney general can play in affecting the conduct and the outcome of independent counsel investigations. Here we see most clearly the continued influence he can have once an independent counsel is appointed. In retrospect, it is remarkable that Oliver North and John Poindexter were tried at all, given the very complex problems with classified documents raised in these cases.[44] Decisions by the executive branch, and particularly Attorney General Richard Thornburg, regarding the use of classified documents by the defense hampered seriously the prosecution by delaying the proceedings and by forcing the independent counsel to drop the most significant charges against the defendants.

Throughout 1988 and 1989, the trial of Oliver North was delayed by the complicated legal wrangling between the attorney general, the independent counsel, the defense, and the district court over the best way to handle the myriad classified documents the defense claimed were relevant to its case.[45] The procedure for deciding on the admissibility and availability of classified information in criminal trials is provided for in the Classified Information Procedures Act of 1980 (CIPA).[46] The statute was designed to try to avoid "graymail" by criminal defendants whose job or alleged crime might make classified information relevant to their defense. CIPA attempts to balance the right of the defendant to a fair trial with the need of the government to protect classified information by the establishment of pretrial discov-

[42] *In Re Olson*, 818 F.2d 34 (D.C. Cir. 1987).

[43] *Nathan v. Attorney General*, 737 F.2d 1069 (D.C. Cir. 1984); *Banzhaf v. Smith*, 737 F.2d. 1167 (D.C. Cir. 1984); *Dellums v. Smith*, 797 F.2d 817 (9th Cir. 1986).

[44] When the problem of classified documents became public, there was much speculation about whether the case could be tried at all. See for example Ann Pelham, "Can North Be Tried? Who's To Be Trusted?" *Legal Times*, 20 February 1989, 1.

[45] Glenn Craney, "Classified Data, Immunity Pose Delay in Iran-Contra Case," *C.Q. Weekly Report*, 16 April 1988, 997; Craney, "Access to Secret Papers Snarls Iran-Contra Case," *C. Q. Weekly Report*, 30 April 1988, 1157–1158; "Secrecy Spat Jeopardizes Iran-Contra Trial," *C. Q. Weekly Report*, 3 December 1988, 3455; and Ann Pelham, "Walsh Clashes with Justice Department Over Secrets," *Legal Times*, 31 July 1989, 2.

[46] Public Law No. 96–456, 94 Stat. 2025.

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ery and trial procedures governing the use of information. The act requires defendants to give advance notice of their intent to use classified information in their defense and to describe the information and its relevance to their case.[47] The court is required to conduct an in camera hearing as to the use, relevance, and admissibility of the information. If the court decides that the classified information is necessary to the defense, the government may offer a substitute information that either admits the relevant facts contained in the information or is a summary of the information contained in the classified documents. The court may deny the motion for substitution if it believes that the substitution would not adequately protect the defendant's right to a fair trial. The government ultimately decides whether the classified information is used at the trial. The attorney general may submit an affidavit certifying that the disclosure would lead to "identifiable damage" to the national security. Once the affidavit is filed, the court must decide whether the case can go forward without that information. If not, the court will dismiss the indictment.[48]

The CIPA procedures were designed to ease the "friction" that occurs between the Justice Department and intelligence agencies when prosecutions involving classified information arise.[49] No one anticipated that a CIPA case might pit an independent counsel against the attorney general and the intelligence agencies combined.[50] But in the Iran-contra case, this is precisely what happened. The attorney general and the agencies worked in tandem, sometimes as Independent Counsel Lawrence Walsh's adversaries, in the proceedings before the district court regarding CIPA decisions. In the seven months before the trial, the CIPA process worked fairly smoothly. But final authority over what information could be disclosed remained with the attorney general and the intelligence agencies. "That authority," argued one observer, "enabled them to impose broad de facto limits on Walsh's freedom to prosecute, even though the independent counsel law barred them from controlling his prosecution directly."[51]

Only significant compromises by the independent counsel allowed the North case to go forward at all. In November of 1988 Judge Ger-

[47] 18 U.S.C. app. sec. 5(a).

[48] 18 U.S.C. app. sec. 6.

[49] Brian Z. Tamanaha, "A Critical Review of the Classified Information Procedures Act," *American Journal of Criminal Law* 13 (Summer 1986): 280.

[50] Pelham, "Can North Be Tried?" 11.

[51] Harold Hongju Koh, *The National Security Constitution* (New Haven: Yale University Press, 1990), 31.

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hard Gesell announced that he would begin North's trial in January of 1989 and that he intended to give North "wide latitude" to use documents to challenge the credibility of prosecution witnesses. Gesell indicated that he did not intend to dismiss the case unilaterally and that if the trial was to be stopped, it would have to occur through the exercise of the presidential pardon or the filing of CIPA affidavits by the attorney general.[52] President Reagan announced that he did not intend to pardon North prior to trial but that he would have to move to prevent the disclosure of some of the secrets North claimed were essential to his defense.[53] After intense negotiation between Walsh and Thornburg during which the attorney general made it clear that the government would not permit the disclosure of some of the information Judge Gesell had found to be essential to North's defense, Walsh was forced to seek dismissal of the central conspiracy charges against North. Thornburg submitted an affidavit certifying that the documents had to be kept secret for national security reasons and Gesell granted the dismissal. "There is no way known to the court," said the judge, "or found in any of the cases, to force the attorney general to prosecute a case the attorney general doesn't want to prosecute."[54] During the next year Walsh was forced to drop the same conspiracy counts in the other cases.

The impact of the executive branch control of the CIPA process on the independent counsel's case was profound. It permitted Walsh to focus only on the narrower charges involving North's personal behavior and not on the central issue in the scandal: the conduct of foreign policy in contradiction to laws of the United States. "The guts of the original indictment lay in its first two counts . . . the rest . . . focused upon epiphenomena, not the heart of the affair."[55]

Finally, the December 1992 pardons of six of the Iran-contra defendants offer a clear example of the way in which the constitutional prerogatives of the president continue to influence the work of the independent counsel. All six of those pardoned had been accused of withholding information or lying to Congress. Independent Counsel Lawrence Walsh had obtained guilty pleas in three of the cases, a

[52] Glen Craney, "Judge Won't Derail North's Iran-Contra Trial," *CQ Weekly Report*, 26 November 1988, 3403.

[53] "Secrecy Spat," 3455.

[54] "Two Iran-Contra Charges Against North Dismissed," *CQ Weekly Report*, 14 January 1989, 99.

[55] Koh, *National Security Constitution*, 26.

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conviction in another, and was preparing to go to trial in the other two.[56] In his fourth interim report to Congress in early 1993, Walsh reported that the pardons prevented him from presenting new evidence of the Reagan administration's efforts to cover up the arms-for-hostages deal that precipitated the scandal in the first place.[57] The pardons effectively brought to a close the independent counsel's investigation. While critics have considered the Iran-contra investigation as providing the chief evidence of an out of control, overly independent prosecutor, the evidence of executive control over classified documents and the significance of the presidential pardon power suggest otherwise.

## The Courts and The Independent Counsel

The first four Ethics Act independent counsel investigations of Hamilton Jordan (1978–1979), Timothy Kraft (1980–1981), Raymond Donovan (1981–1982), and Edwin Meese (1984) never progressed beyond the investigative stage, and so there is little evidence available of judicial influence except in the area of initial appointment. In later cases of Lyn Nofziger (1987–1988), Michael Deaver (1986–1989), and the Iran-contra scandal (1986–1993) there was clearly an important role for the judiciary beyond appointment, because each involved criminal indictments, trials, and appeals to higher courts. These cases demonstrate that the judiciary provides an extremely important check on the use of power by independent counsel.

Judicial selection is the method by which Congress sought to insure the independence of the prosecutor and is one of the primary statutory checks in the arrangement. Selection of the independent counsel is "done in a very human way that is both personal and subjective."[58] A combination of factors affects the final choice of the panel of judges. The panel begins by considering where the alleged criminal behavior took place and where the majority of witnesses are. Once this is established, the panel identifies the attorneys practicing in that area who have had experience in these matters and have a good reputation at the bar and with the public. The panel "examines minutely the possibility of conflict of interest" and engages in "an exceptionally broad inquiry

[56] Holly Idelson, "Bush Leaves Partisan Mark With Surprise Pardons," *CQ Weekly Report*, 2 January 1993, 31–32.

[57] Carroll J. Doherty, "Walsh Says Pardons Thwarted New Evidence on Arms Deals," *CQ Weekly Report*, 13 February 1993, 325.

[58] Interview with Leon Silverman, New York City, 25 September 1984.

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into the past history" of the candidates. The judges are interested in discovering "anything that might tarnish the candidate's reputation." They sometimes check into past cases that the attorney had been involved with and, in particular, are looking at whether or not the attorney has been a "publicity seeker." Reputation and appearances are important considerations in the selection process and consequently many otherwise qualified attorneys are never considered because of associations that give the appearance of conflict of interest.[59]

The desire to get a known quantity has meant that in practice the old-boy-network becomes a major factor in the selection of independent counsel. Independent counsels in the Jordan and Donovan cases cite the fact that they were assistants to Judge Edward Lumbard (a former panel member) when he served as U.S. attorney for the Southern District of New York as a critical factor influencing their selection.[60] The selection of counsel in the Kraft case was made after consultation with two federal judges acquainted with the New Orleans bar. The choice, Gerald Gallinghouse, had been a U.S. attorney for that district.[61] Jacob Stein, the independent counsel in the first investigation of Ed Meese, was well known in the District of Columbia, having recently served as the president of the D.C. Bar Association. In addition, he had defended panelist Judge Roger Robb's former law partner Kenneth Parkinson in the Watergate case.[62] Whitney North Seymour, the independent counsel in the Deaver case, had worked with Judge Walter R. Mansfield (a panel member from the 2nd Circuit) in several capacities. Mansfield had been a district judge when Seymour was a U.S. attorney and a circuit judge when Seymour served as president of the Federal Bar Association for the 2nd Circuit.[63] The nature of the Iran-contra scandal made Lawrence Walsh the most desirable candidate for independent counsel because of the sheer size of his reputation and depth of his background. He had been president of the American Bar Association, had foreign affairs experience, Department of Justice experience, and had been a prosecutor with reformer Thomas Dewey in his early career. He also "met the fundamental requirement

[59] Interview with Judge George MacKinnon, D.C. Circuit, Washington, DC, 17 July 1989.

[60] Silverman interview; interview with Arthur Christy, New York City, 17 September 1985.

[61] Interview with Judge Edward Lumbard, New York City, 29 January 1985.

[62] Interview with Richard Beizer, Washington, DC, 26 April 1985; and "Inside: Justice Department. Coincidence?" *Washington Post*, 11 April 1984.

[63] Telephone interview with Whitney North Seymour, 30 November 1989.

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of being generally recognized as someone not influenced by political considerations."[64]

The major influence that the panel of judges has over the independent counsel investigation is in choosing people it trusts to do a thorough and impartial job. This influence is enhanced when the judges select persons that they have worked with in the past or with whom they are familiar. Statements by several of the special prosecutors demonstrate this perceived influence. Arthur Christy, counsel in the Jordan case, stated that he felt ultimately accountable to the panel and especially to Judge Lumbard, his former mentor.[65] Whitney North Seymour identified this selection process as a primary constraint on the office. "The independent counsel institution is perfectly workable if the panel picks experienced professionals. You don't need artificial restraints if you pick the right person. If you pick the wrong person those restraints won't mean much anyway."[66]

Other judges in the federal court system act as constraints on independent counsel in the same way that they check regular prosecutors' power. Trial judges supervise grand juries, preside over trials, and rule on the various motions involving the conduct of the trial. Appellate judges reexamine the case with an eye to procedural fairness and the application of the law. There is no reason to believe that the impartial federal judiciary acts any differently with the independent counsel than it does with other federal prosecutors. One might argue that in the independent counsel cases the trial judges scrutinize the cases even more carefully because of the greater likelihood of heightened attention from appellate courts and the public.

The trial judge in the Iran-contra case clearly played a significant role in deciding the complex questions of what evidence could be used in the trials. His rulings on the CIPA procedures forced the special prosecutor to drop some of the charges he originally planned to pursue and alter his approach in others.[67] Further, the Court of Appeals for the D.C. Circuits, in setting aside the verdicts in the North and Poindexter cases, acted as an additional check on both the trial court and the

[64] MacKinnon interview.

[65] Christy interview.

[66] Seymour interview.

[67] Glen Craney, "Split Trials Could Be Blow to Iran-Contra Case," *CQ Weekly Report*, 11 June 1988, 1625-1627; Craney, "Access to Secret Papers"; "Two Charges Dismissed"; and Lawrence Walsh, *Independent Counsel's Report to the Subcommittee on Legislation of the Permanent Select Committee on Intelligence of the House of Representatives*, 19 September 1989 (Copy obtained from Office of Independent Counsel.)

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independent counsel.[68] In the Deaver case, the judge's refusal to permit Seymour to subpoena the Canadian ambassador had the direct effect of keeping the independent counsel from being able to offer evidence on one of the charges against Deaver. Deaver was acquitted by the jury on that charge.[69] The special court panel's refusal to overrule Meese's denial of Morrison's request for expansion of her jurisdiction limited the scope of her inquiry to Olson alone.[70] We need not belabor the point. Trial judges provide a meaningful check on special prosecutors to the same extent, if not more so, that they do for regular prosecutors. In bringing a case against a covered official, independent counsel are subject to the same impartial review of their actions, the same rules of evidence, and the same procedural limitations on their power as regular prosecutors.

A related check lies in the use of grand juries and trial juries. Prosecutors, both independent and regular, must have sufficient evidence to convince a jury that a crime has been committed. "One clear constraint on independent counsel," argued a deputy independent counsel, "is one that is on all prosecutors. They must ask themselves whether their case will pass 'the smell test' in front of a jury. Will they find criminal action beyond a reasonable doubt?"[71] To argue then that there are no checks on the independent counsel ignores the most obvious: independent counsel cannot operate outside the established legal system in their pursuit of a criminal case. They cannot escape the requirement that their case against an individual be reviewed by an impartial judge and a jury of one's peers.

## Congress and the Independent Counsel

Congress's statutory role in the process is structured along partisan lines. A provision of the act permits a majority of either party's members of the Judiciary Committees of either house to "request in writing that the attorney general apply for the appointment of an independent counsel."[72] The attorney general is not required to concede to the request of the committee members but must explain his decision not to

[68] *United States v. North*, 910 F.2d 843 (D.C. Cir. 1990); *United States v. North*, 920 F.2d 940 (D.C. Cir. 1990); *United States v. Poindexter*, 951 F.2d 369 (D.C. Cir. 1991).

[69] Seymour interview.

[70] *In Re Olson*, 818 F.2d 34 (D.C. Cir. 1987).

[71] Dudley interview.

[72] 28 U.S.C. 595.

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proceed to the committee. The Democrats exercised this right in four of the cases where independent counsel were appointed. The Republicans did the same in the Carter-Mondale luncheon case involving allegations of illegal solicitation of campaign funds and in an investigation into Carter's peanut warehouse business, where it was alleged that there were questionable financial practices including the diversion of company funds to the 1976 presidential campaign. While this role for Congress does have the potential for politicizing the decision to seek appointment of an independent counsel, attorneys general have refused to seek appointment despite congressional pressure in several known cases. This role for Congress has little effect on the actual conduct of an independent investigation. Other congressional powers of oversight and investigation have greater significance as constraints on the operation of the office.

Congressional actors have contact with the independent counsels through committee action in the form of investigation and confirmation hearings. When this occurs, the conflicting institutional goals of Congress and the independent counsel can serve as a substantial restraint on the independent investigation. Congressional investigations have frequently played an important role in exposing misconduct in the executive branch. This sort of oversight is an important way for Congress to resist abuse of power by the executive and to protect "the constitutional rights of the place."[73] No doubt, it may also be motivated by personal ambition or partisan desire to harm the opposition, but it is reasonable to conclude that congressional investigations can be important and appropriate means by which Congress checks the use of executive power. Further, investigations can serve a valuable educative function for the public, both in the sense that they teach citizens about the workings of government and inform them of possible abuses of the public trust.

When congressional exposure of misconduct leads to criminal investigation and prosecution, the potential for conflict over institutional goals exists. The needs of a representative institution like Congress are frequently at odds with the needs of an office of the criminal justice system. Two major barriers to criminal prosecution are raised by congressional inquiries. The first is the publicity that inheres in investigations of this type. The second is the ability of Congress to grant immu-

[73] James Madison, "Federalist 51" in Isaac Kramnick, ed., *The Federalist Papers* (New York: Penguin Books, 1987), 319.

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nity in exchange for congressional testimony. In both cases one can identify clearly conflicting institutional interests between Congress and the prosecutor's office.

The congressional interests in investigation make it likely that such investigations will be widely publicized. In fact, for Congress to accomplish any of its goals, wide-ranging publicity is necessary. On the other hand, the prosecutors' interests are in minimal publicity because of the impact that extensive exposure has on both the investigative and prosecutive stages of their cases. In the investigative stage, extensive publicity can have the effect of tipping off both the targets of the investigation and witnesses or informants whose testimony is necessary to make the case. In both Watergate and Iran-contra, the prosecution stage of the case was complicated and in some cases damaged by the granting of immunity to witnesses appearing before the congressional committees.[74] When congressional immunity is granted, prosecutors are forced to prove that their case is not tainted by protected testimony. They may be forced to forgo the use of some evidence available to them because of the difficulty of proving that it is untainted and may have to litigate these issues before proceeding with their case in chief. They must also prove that none of their cross-examination of defense witnesses is tainted. These problems are only aggravated by the attendant publicity.[75] In both of these prominent cases members of Congress perceived their interests in exposure and public education as sufficiently compelling to justify the risk to the effective prosecution of criminal behavior in the scandal.[76]

Congressional committee investigations have coincided with many of the independent counsel cases. The Senate Labor and Human Resources Committee carried out its own investigation of Reagan's Secretary of Labor nominee, Raymond Donovan, during which the first allegations of ties to organized crime surfaced. The allegations against Edwin Meese became public during the Senate Judiciary Committee's hearings on his nomination for attorney general. The Olson investiga-

[74] Lawrence Walsh, "The Independent Counsel and the Separation of Powers," *Houston Law Review* 25 (January 1988): 1-11.

[75] Interview with John Nields, chief counsel for the House Select Committee to Investigate Covert Arms Transactions with Iran, Washington, DC, 16 October 1989; interview with Archibald Cox, Harvard Law School, Cambridge, MA, 5 February 1985.

[76] Nields interview; Joel M. Woldman, *Congress and the Iran-Contra Affair*, CRS Report 88-765F, November 1988, 15; and Samuel Dash, *Chief Counsel: Inside the Ervin Committee—The Untold Story of Watergate* (New York: Random House, 1976), 124, 142-44.

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tion followed on the heels of a House Judiciary Committee investigation. Independent Counsel Morrison noted the problem of parallel or preceding investigations in the Olson case. "Everyone knew what everyone else had said. The Public Integrity Section had investigated and written a 160 page report. Congress had issued a four volume report. Consequently, it was a very difficult case for us to get into. It had been well chewed over and we were handed a very cold trail. It had been chewed over in a way no other case I had ever been involved in had been."[77]

The problems for the Iran-contra investigation created by the congressional grant of immunity to key participants were extensive. Elaborate procedures had to be developed within the prosecutor's office to avoid tainting the investigation through exposure to the immunized testimony. Significant delays in bringing the case to trial were caused by the defense's pre-trial motions based on the immunity claim.[78] The congressional grants of immunity to North and Poindexter for their televised testimony ultimately negated much of the work of the special prosecutor in these cases.[79]

## The Press and the Prosecutor

Almost every case handled by an independent counsel was subject to intense press scrutiny prior to his or her appointment, because it involved a high-level executive official and the alleged abuse of the public trust. The mere existence of the press and the importance it seems to attach to these investigations has an important influence on the independent counsel. The potential impact that extensive press attention may have on the investigation is recognized by the appointing judges who look for candidates whose backgrounds can withstand press scrutiny and whom they can trust to avoid publicity-seeking behavior.[80]

The independent counsels' concerns about press influence seem to be demonstrated most clearly in their attention to writing the final

[77] Morrison interview.

[78] Walsh, "The IC and Sep. of Powers"; Judge Gerhard Gesell describes the procedures taken by the office in *United States v. Poindexter*, 698 F. Supp. 300, 312–313 (D.D.C. 1988).

[79] *U.S. v. North*, 910 F.2d 843 (1990); *U.S v. North*, 920 F.2d 940 (1990); *U.S. v. Poindexter*, 951 F.2d 369 (D.C. Cir. 1991).

[80] MacKinnon interview; Lumbard interview.

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report. They regularly referred to their expectations of intense press scrutiny as the reason for choosing to write detailed and lengthy explanations of their actions in the report. Their general concern seemed to be that the public recognize the thoroughness and impartiality with which their decision was made.[81] By contrast, U.S. attorneys are not required to release detailed accounts of their decisions not to prosecute. The final report is subjected to review by congressional oversight committees, the special court panel, and the press. The link between the press, the public, and the final report is perceived by independent counsel as providing an important measure of accountability for their actions. The fact that they must conduct their investigation in a "fishbowl"[82] and explain each of their actions encourages them to be cautious at every move.

There have been some occasions where relations between the press and the independent counsel were strained and where the press increased their level of scrutiny of the independent counsel's investigation. Whitney North Seymour, independent counsel in the Deaver case, recalled a combative relationship with William Safire of *The New York Times*. Safire published several articles critical of Seymour's investigation.[83] Alexia Morrison also encountered criticism after the press began to take notice of the Olson case. Before it became clear that this was the case that would reach the Supreme Court, the investigation had experienced very little coverage in the press. But after the constitutional challenge became public "people were crawling through the phone wires."[84] The press criticism focused on the delays involved in the case, and the inability to respond to that criticism was frustrating for the independent counsel's office. Relations with the press were described as "tense and difficult."[85] Olson believed that the press were on his side in the investigation. He characterized the coverage of the case as "sympathetic" and viewed the press as a valuable check on Morrison's power. "The reporters knew the facts and thought that I was getting a raw deal. The existence of a free press was a great source of support for me. It gave me great comfort to know someone powerful was looking."[86]

[81] All independent counsel interviewed cited this concern. (Christy, Silverman, Gallinghouse, Stein, Seymour, McKay, Morrison).

[82] Interview with James McKay, Washington, DC, 13 July 1989.

[83] Seymour interview.

[84] Morrison interview.

[85] Dudley interview.

[86] Interview with Theodore Olson, Washington, DC, 15 October 1990.

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## Defense Attorneys and the Independent Counsel

Defense attorneys at the federal bar tend to differ from most of their local counterparts in that they are part of the establishment, are generally well connected politically, and belong to prestigious law firms. Their clients are better off financially and are likely to be banks, corporations, and prominent citizens. Given this status, defense attorneys are on relatively equal footing with independent counsel in the conduct of these cases. Uncertainty about how the cases will be handled is reduced by the development of personal relationships between the attorneys. Cooperative interaction predominates because their relative equality places them in a "classic bargaining situation."[87] The relationship between defense attorneys and independent counsel is facilitated by similarity of career path and mutual professional respect. This relationship provides one of the most important informal checks on the independent counsel's power.

The targets of independent counsel investigations hire prestigious defense lawyers to aid them in their dealings with the counsel. They tend to graduate from top law schools, work for firms that are part of the establishment, and are well respected at the bar.[88] The independent counsel and their staff are linked with these lawyers because they are drawn from the same legal community. They too are private attorneys with "a suitable measure of recognition at the bar and with the public."[89] An examination of the careers of the defense attorneys, independent counsels, and their staffs indicates a number of ties between these participants. Most interesting are the number of lawyers who have had more than one experience with the process. Paul Curran, special counsel in the investigation of the Carter peanut warehouse allegations, later served as defense counsel for Raymond Donovan. Hamilton Jordan's defense attorneys included Henry Rush, formerly of the Watergate Special Prosecution Force, and John Aldock, future member of the staff for one of the Meese investigations. The first Meese investigation involved several former Watergate actors. Independent Counsel Jacob Stein had represented a Watergate defendant; staff member George Frampton was a deputy on the Watergate Special Prosecution Force; and Meese's lawyer, Leonard Garment, had helped to defend

[87] James Eisenstein, *Counsel for the United States: U.S. Attorneys in the Political and Legal Systems* (Baltimore: The Johns Hopkins University Press, 1978), 171–178.

[88] *Martindale and Hubbel Lawyers Index*, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989.

[89] This is the description of independent counsel appointees offered by Judge Lumbard.

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Richard Nixon. Jacob Stein later served as a defense attorney for Carol Dinkins in the Olson investigation and was also involved in the defense in the Iran-contra case. Bart Schwartz, a staff member in the Donovan investigation, was a defense lawyer for the Studio 54 owners who made the allegations of cocaine use against Hamilton Jordan. Theodore Olson, the target of an independent counsel investigation, later represented former President Reagan in his dealings with the Iran-contra independent counsel. One of Alexia Morrison's assistants left the investigation after his firm became involved in the representation of an Iran-contra defendant. Morrison herself was criticized for representing the target of another independent counsel investigation during the time that she was conducting the Olson investigation.

There are additional linkages. Independent counsel tended to select either staff members with whom they had worked before on private practice cases or persons recommended to them through the old-boy-network. Several of the attorneys involved had also served on professional committees together, and a large number of the attorneys had had experience in the local U.S. attorney's office, some of them with overlapping terms. In sum, there is every indication that the linkages described in the literature on regular prosecutors exist as well in the special prosecutor process.[90]

The generally cordial relations and mutual respect that exist in most cases between the defense and the independent counsel act as a check on the prosecutor's exercise of discretion and steer them away from clearly unwarranted prosecutions. Several independent counsel pointed to their reputation in the legal community as a constraint on their actions. For example, Leon Silverman (Donovan case) noted that "at this point in my career, I don't want to be thought of as a tool of anyone."[91] Jacob Stein believed that the most significant check on his power was "the quality of the people around me. I wouldn't have wanted to make an ass out of myself."[92] "Professionalism provides its own set of restraints," said Seymour. "There is an obligation to be fair, honest, and responsible in your dealings with defendants, witnesses, and their attorneys."[93] Finally, Alexia Morrison listed defense attorneys among the checks that she perceived to be on her use of

[90] Eisenstein, *Counsel for the U.S.*; Kenneth Mann, *Defending White Collar Crime* (New Haven: Yale University Press, 1985).

[91] Silverman interview.

[92] Telephone interview with Jacob Stein, Washington, DC, 2 May 1985.

[93] Seymour interview.

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power. "It was always our belief that defense attorneys would criticize us if we were not conducting ourselves properly and that they would go to the Attorney General with those complaints."[94]

The practice of drawing the independent counsel from the private bar seems to serve as an important informal check on the use of prosecutorial power. Having been on both sides of the fence causes the independent counsel to be more sensitive to the potential for abuse of that power. In discussing the restraints he felt, Jacob Stein noted that in his thirty-seven years at the bar he had seen great abuses of power by government attorneys. He had always promised himself that in a similar situation, he would not act in that way.[95] One of Morrison's deputies with no prosecutorial experience noted that "as a defense lawyer I was enormously impressed by the care and sensitivity that those with more prosecutorial experience displayed. I felt good about it in the sense that if other professional prosecutors give the defendant that much benefit of the doubt, then the world of prosecution is a better place than I thought it was. They looked at every angle, including the one most favorable to the target."[96]

The ties that the independent counsels have to the legal community within which they operate provide important restraints on the use of discretion to prosecute. This set of relationships, because it is private in nature, cannot be altered by the statutory requirements of independence. It may in fact be enhanced because the independent counsels and their staff are drawn from the private bar and will return to it at the completion of their investigation. In some cases they have remained active in their private practice while conducting the investigation for the government. Their reputations and careers depend upon the extent to which they are perceived by the private bar as having exercised their power responsibly.

## Conclusions

Critics of the independent counsel arrangement have focused on the wrong evidence to support their argument that the independent counsel is unaccountable and that the executive has no real influence in the process. Their theoretical assumptions about the separation of powers

[94] Morrison interview.
[95] Stein interview.
[96] Dudley interview.

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have forced them into assumptions about how the arrangement works in practice that are not supported by the facts. Critics have focused on the lack of restraints in the statutory language creating the independent office and the formal removal of the counsel from immediate control by the executive. That focus has made them blind to the much more complex set of accountability relationships that exist for any actor in the political or legal process. The attorney general, and the executive branch more generally, continue to exercise constitutional prerogatives of prosecutorial discretion and national security protection that have had a real and limiting impact on independent counsel investigations. The institutional interests of Congress have at times done great harm to the work of independent counsel. The federal judiciary continues to play the role it must always play in the criminal law. The press, ever intrigued by political scandal, scrutinize the final report of the investigation. Professional norms and relationships work informally to limit the likelihood of abuse of power. The independent counsel would perhaps be better named the interdependent counsel. They do not, and cannot, operate in a vacuum. An approach to the separation of powers that eschews neat compartmentalization in favor of flexibility and adaptiveness provides a substantially better framework for understanding the politics of independent counsels.

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# Ideological Consensus within Divided Party Government

PAUL FRYMER

Many scholars have suggested recently that the American electorate intentionally votes to divide control of the Congress and the executive between the Democratic and Republican parties. Lacking full confidence in either party, the voters seek to ensure that neither side has too much power.[1] Such arguments overlook a much more plausible explanation: voters split their ballots because they see, for example, a Republican president and a Democratic House member supporting similar if not identical positions on various government policies. Indeed, an analysis of district-level voting for the House of Representatives and the president reveals that more often than not districts make ideologically consistent choices. Conservative congressional districts vote for Republican presidents and conservative House members. Liberal districts vote for Democratic presidents and liberal House members. Divided party government, then, is less a result of the voters' preference for partisan balance than the persistence of a prominent conservative wing among congressional Democrats.

This persistence has important implications for those concerned with the consequences of divided government. A unified conservative coali-

[1] See Morris P. Fiorina, "An Era of Divided Government," *Political Science Quarterly* 107 (Fall 1992): 387–410; Everett Carll Ladd, "Public Opinion and the 'Congress Problem,'" *The Public Interest* 100 (Summer 1990): 62–67.

PAUL FRYMER, an advanced doctoral student in political science at Yale University, is currently finishing a dissertation on the promotion of minority interests within majority political parties.



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tion is created by a public that has voted repeatedly for conservative ideological control in both Congress and the White House. Moreover, this unified coalition is responsible for a number of significant political decisions made during an era of divided party rule. Hardly a period of indecision and confusion, the last decade represents a rather dramatic shift to a conservative political order.

## Ideological Coalitions and Party Governance

In the past it was not uncommon to claim that ideological coalitions within Congress often cut across the two parties. Today, however, it is unfashionable, and it has certainly been neglected by recent theories of divided government. Analysis of these coalitions was most prominent during the presidencies of Franklin Roosevelt, Harry Truman, Dwight Eisenhower, and John Kennedy. During this period, a conservative alliance of Republicans and southern Democrats was often able to prevent the legislation of major domestic reforms, even when Democrats controlled both Congress and the presidency.

While southern Democrats were often important supporters of the New Deal coalition during Roosevelt's first term, much of this had changed by the late 1930s.[2] Rarely did the Democrats carry southern delegations on labor policies, housing, education, and most domestic spending issues. James McGregor Burns found that

> with the growth in the South of industries sensitive to foreign competition, such as textiles, many of its representatives have swung to a more isolationist stand in foreign economic policy. . . . Defense measures now receive unanimous roll-call votes. And most Southern heartland congressmen have reverted to solid opposition to presidential Democratic programs.[3]

By the time of the Kennedy administration, Burns argued, Congress was dominated by southern leaders who both opposed liberal Democratic presidents and controlled congressional chairmanships and thus congressional power. Governmental deadlock was not the result of divided partisan government but of a Democratic Congress split by conservative southerners with powerful committee chairs.

Others agreed with Burns. Stephen Bailey argued at the time that the Democrats were no longer able to deliver the power necessary to

[2] See James T. Patterson, *Congressional Conservatism and the New Deal: The Growth of the Conservative Coalition in Congress, 1933–1939* (Lexington: University of Kentucky Press, 1967).

[3] See James McGregor Burns, *The Deadlock of Democracy* (Englewood Cliffs, NJ: Prentice-Hall, 1963), 314.

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make national policy. The national Democratic platform was never enacted because the party was unable to translate its partisan numerical superiority in Congress into voting majorities on substantive policy issues.[4] The distinction between procedural (partisan) majorities and substantive ideological majorities was the primary concern of Charles Jones writing in 1968, while Daniel Berman recognized in 1964 that the conservative coalition had been instrumental in preventing both civil rights and economic regulation policies from being passed through Congress.[5] Wayne Shannon found that the southern conservative coalition helped thwart liberal initiatives in four areas: domestic economic, regulatory, and welfare issues; foreign policy; civil rights; and civil liberties. "In a very real sense voting lines in the House during [the 1950s and 1960s] were most commonly of a coalitional rather than a party nature on many of the most important matters."[6] Finally, David Mayhew pointed out that "it is reasonable to expect that postwar Southern constitutencies which sustained conservative Democratic congressmen should have viewed Democratic presidential nominees with some alarm."[7] Mayhew, in fact, found a positive relationship between the vote in southern districts for the Democratic president and the party loyalty of members of Congress. Because of divided electorates, "disloyalty to party was a political necessity."[8]

Interest in the conservative coalition's ability to block unified partisan control slowly diminished during the 1970s, partly because of the reforms in Congress that took power away from the committee leaders. Many scholars also began to look favorably upon a powerful Democratic and liberal Republican congressional opposition that could block conservative Presidents Richard Nixon and Gerald Ford.[9] Still, throughout the decade, scholarship continued to examine the lingering after-effects of this split in the Democratic party. James Reichley separated both parties into various ideological coalitions in an effort to

[4] Stephen K. Bailey, *The New Congress* (New York: St. Martins Press, 1966).

[5] Charles O. Jones, "Joseph G. Cannon and Howard W. Smith: An Essay on the Limits of Leadership in the House of Representatives," *Journal of Politics* 30 (August 1968): 617–46; Daniel Berman, *In Congress Assembled* (New York: Macmillan, 1964).

[6] W. Wayne Shannon, *Party, Constituency and Congressional Voting* (Baton Rouge: Louisiana State University Press, 1968), 95.

[7] David R. Mayhew, *Party Loyalty Among Congressmen* (Cambridge, MA: Harvard University Press, 1966), 153.

[8] Ibid.

[9] See Gary Orfield, *Congressional Power: Congress and Social Change* (New York: Harcourt Brace Jovanovich, 1975).

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examine why certain legislation received support and other legislation did not, while David Brady and Charles Bullock concluded in 1980 that an ideological coalition of conservative southerners still dominated policy coalitions.[10] Finding the conservative coalition an important political force after the Reagan landslide in 1980, Mack Shelley argued that while the Democratic party dominated numerically, the real control of the House lay in the 3/5 majority of conservatives, which included eighty southern Democrats. He felt that "it is probably not much of an overstatement to argue that for the foreseeable future this bipartisan conservative coalition represents the single dominant force on the national political scene."[11]

Yet far from dwelling on this single dominant force, political scholarship in the 1980s has lost interest in cross-party ideological cleavages. There are various reasons for this. Concern with congressional coalitions has dissipated with coinciding evidence that the "conservative coalition" has diminished in importance. Most scholars agree that as blacks were mobilized to vote, southern Democrats came more into line with the rest of the party.[12] David Rohde's view is typical of contemporary scholars:

> Clearly southern Democrats had come to believe that, even in extreme cases, supporting the liberal side of civil rights matters was the position favored by their constituents. The issue that had been most divisive between northern and southern Democrats produced division no longer.[13]

The decline of the conservative coalition is further evidenced not only by the decreasing number of votes taken each year in which a majority of southern Democrats and Republicans opposed a majority of northern Democrats,[14] but also by the increase in party loyalty among Democratic House members during the last decade.[15]

[10] A. James Reichley, *Conservatives in an Age of Change* (Washington, DC: The Brookings Institute, 1981); David W. Brady and Charles S. Bullock III, "Is There a Conservative Coalition in the House?" *Journal of Politics* 42 (1980): 549–59.

[11] Mack C. Shelley II, *The Permanent Majority* (University of Alabama: University of Alabama Press, 1983), 4.

[12] See Jack Bass and Walter DeVries, *The Transformation of Southern Politics* (New York: Basic Books, 1976).

[13] David W. Rohde, *Parties and Leaders in the Postreform House* (Chicago: University of Chicago Press, 1991), 60.

[14] Norman J. Ornstein, Thomas E. Mann, and Michael J. Malbin, *Vital Statistics on Congress, 1989–90* (Washington, DC: Congressional Quarterly, 1990), 200.

[15] See Rohde, *Parties and Leaders*, 57–60; and Keith T. Poole and Howard Rosenthal, "Patterns of Congressional Voting," *American Journal of Political Science* 35 (February 1991): 263–68.

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Moreover, political scholars have quite rightly taken notice of a trend of divided party-government that is historically unprecedented and demands explanation. Between 1900 and 1954, only four out of twenty-seven congressional terms witnessed divided party control. Since 1954, however, there have been thirteen instances of divided government and only six of unified control. By the 1992 election, Republicans had held the White House for twenty of the last twenty-four years, twenty-eight of the last forty. Over that same period, Democrats have controlled the Senate for thirty-two years and have formed a majority in the House for thirty-eight.

Recent scholarly attention has focused on both the causes and the political ramifications of this development. Discussion of whether partisan division between the Congress and the presidency coincides with divided ideological power is disregarded in the current literature. Instead it is presumed, as Gary Cox and Samuel Kernell have recently stated, that "whatever the ideological disputes among governing party members, they have a strategic interest in cooperating to produce an electorally attractive record of public policy."[16] Scholars drawn to both empirical trends and models of formal rationality have not considered whether we have had unified or divided ideological government.

One consequence of this neglect is the increasingly popular "balance" explanation of divided government. Morris Fiorina, perhaps the most prominent exponent of this viewpoint, has argued that a "sophisticated" electorate prefers the current state of divided government and as a result sensibly votes a split-party ticket in elections.

> Having made a decision to support Bush and feeling less than enthusiastic about it, they may be predisposed to listen to Democratic appeals for other offices. . . . While not consciously choosing a divided government, people may have a vague appreciation of the overall picture that plays some role in how they vote.[17]

In part, this is because the voters steer a middle course between the ideological and policy commitments of the two parties. More than that, though, Fiorina argues that the voters have lost confidence in both parties. As each side is accused of scandal and debacle, the public has become concerned less with promoting needed reforms than with limiting "the potential for a society to lose because of government action."[18]

[16] Gary W. Cox and Samuel Kernell, "Introduction: Governing a Divided Era" in Cox and Kernell, eds., *The Politics of Divided Government* (Boulder, CO: Westview Press, 1991), 4.

[17] Morris P. Fiorina, *Divided Government* (New York: Macmillan, 1992), 65.

[18] Fiorina, "An Era of Divided Government," 43.

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Gary Jacobson makes a somewhat different argument, albeit with a similar premise, that the current system of divided government "reflects, rather than thwarts, popular preferences."[19] He claims that voters have different expectations of House members than they do of the president. Voters choose the congressional candidate who best addresses constituent concerns and local issues. Presidential candidates are chosen on the basis of their positions on taxes, defense, and the macroeconomy. Divided control comes about because the electorate votes

> for Republican presidential candidates committed to the diffuse collective goods of low taxes, economic efficiency, and a strong national defense, and for congressional Democrats who promise to minimize the price they have to pay for these goods in foregone benefits.[20]

Accordingly, the "people may feel more comfortable voting for a Republican president knowing that the Democrats in Congress will keep him from gutting their favorite program."[21]

Both Fiorina and Jacobson base their claims on rather inconclusive evidence: while they point to initial polls that indicate public approval of divided government, closer examination should make us wary of any inference that the public wants balance and moderation.[22] Frequently, when surveys ask whether Congress should be able to prevent the president from acting on specific issues, the public responds in the negative.[23] More important, neither Fiorina's nor Jacobson's study questions whether voters are actually splitting their ticket for ideological reasons. Both scholars assume that the voters are choosing some-

[19] Gary C. Jacobson, "Explaining Divided Government: Why Can't the Republicans Win the House?" *PS* 24 (December 1991): 642.

[20] Gary C. Jacobson, *The Electoral Origins of Divided Government* (Boulder, CO: Westview Press, 1990), 112. For other versions of this theory, see Alan I. Abramowitz and Jeffrey A. Segal, "Beyond Willie Horton and the Pledge of Allegiance: National Issues in the 1988 Elections," *Legislative Studies Quarterly* 15 (November 1990): 565–80; Peter S. Tuckel and Felipe Tejera, "Changing Patterns in American Voting Behavior, 1914–1980," *Public Opinion Quarterly* 47 (Summer 1983): 230–46; and Arthur H. Miller, "Public Judgements of Senate and House Candidates," *Legislative Studies Quarterly* 15 (November 1990): 525–42. Alan Ehrenhalt also views the different functions of the House and the presidency as the source of divided government, but unlike Jacobson, sees the quality of candidates, not voter concerns, as the more important determinant of who gets elected. *The United States of Ambition* (New York: Times Books, 1991).

[21] Jacobson, "Explaining Divided Government," 641.

[22] Jacobson, *Electoral Origins*, chap. 6; also see Ladd, "Public Opinion," 62–67.

[23] Richard Morlin, "Two Ways of Reading the Public's Lips on Gulf Policy: Differently Phrased Questions Seem to Yield Contradictory Results," *Washington Post*, 14 January 1991.

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thing different when they split their ballot. In the subsequent section, I will attempt to show why such an assumption may not be justifiable.

## The Use of Aggregate Data to Determine District-Level Behavior

My argument hinges on a possible relationship between the ideology of those elected to Congress from a given district and the percent vote within that district for the Republican presidential nominee. I examine aggregate district-level data for the 1980, 1984, and 1988 presidential and congressional elections.[24] For all three elections, I use scatterplots to show the relationship between ideological ratings of winning representatives (as calculated from roll call votes cast in the two preceding Congresses) and percent vote in their districts for Republican presidential candidates.[25] This type of analysis does not examine individual voters, nor does its bivariate nature control for other possibly related district-level variables. Still, if balanced voting has consequence, we should find districts preferring liberal congresspersons and conservative presidents, or vice versa.

To assess the ideological posture of House members at the time of each election, I use ratings calculated by the liberal organization, Americans for Democratic Action (ADA). These ratings reflect the percentage of time during a year when a member of Congress casts liberal roll call votes on issues that the ADA believes are critical tests of ideological performance. Absences at the time of the vote are calculated as nonliberal responses.

An average ADA rating of the member's prior two-year term to each presidential election is used, along with the district's presidential vote, to examine whether district voters consciously split their ballots at the time of the election. By averaging the two years prior to the election, I can get a sense not only of the candidates' record but also how they were perceived by the district in relation to the two leading presidential aspirants.

For each election examined, the scatterplots include both those incumbent House members who ran for office and were reelected and

[24] For the purpose of this study, I will concentrate only on House elections. While similar patterns appear to exist in the Senate, the number of data points for each election is too small for any type of convincing evidence. The House data itself comes from Michael Barone and Grant Ujifusa, *The Almanac of American Politics* (Washington, DC: National Journal, 1989, 1985, and 1981).

[25] The interest here is with ballot splitting, not causal explanation. Therefore, while this relationship is plotted along an x-y axis, it is meant only for descriptive purposes.

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those who were first-time winners. This excludes incumbents who lost because one would expect a negative correlation between their ADA rating and the vote for president. It is the winners in their districts, instead, who should be compared with the districts' support for the president. While first-time members lack previous ADA ratings for analysis, they are necessary not only for a more complete data set but to offer some control for the influence of incumbency on district voting decisions. Consequently, I use ADA ratings from the following two years after they are elected as a more or less descriptive proxy for ideology. Qualitative accounts are also provided for each of the various scenarios.

A number of objections have been raised about using ADA ratings as measures of ideology. First, only a small number of roll call votes are used; an idiosyncratic selection of crucial votes could skew the overall percentage.[26] The measures are also biased if an extreme wing of one party takes initiative, forcing moderates to choose the opposite side. Furthermore, the rating system does not examine the procedure by which the final roll call decision comes about. As Peter VanDoren points out, ADA ratings do not identify the reasons why a member voted in a certain way: was it is due to constituency preferences or to the member's personal ideology?[27] This important point, however, is not particularly relevant for this study, for I am interested primarily in the ideological stance of members at the time of election. Whether complicated circumstances influence a particular vote is less important than whether the public is making a unified ideological choice at the time of the election. Moreover, the ADA is committed to electing liberals to Congress. Given their motives and interests, it makes plausible sense that the measures they use would be at least crudely accurate.

In addition, various scholars have argued that as a measure of ideology, the rating is statistically reliable and valid.[28] It is consistent with the conservative alternative, the American Conservative Union (ACU) rating, and has explained consistency across different policy issues.[29] Jerrold Schneider, moreover, finds the ADA rating to be quite valid

[26] Jerrold E. Schneider, *Ideological Coalitions in Congress* (Westport, CT: Greenwood Press, 1979).

[27] Peter M. VanDoren, "Can We Learn the Causes of Congressional Decisions From Roll-Call Data?" *Legislative Studies Quarterly* 15 (August 1990): 311–40.

[28] See William R. Shaffer, "Rating the Performance of the ADA in the U.S. Congress," *Western Political Quarterly* 42 (March 1989): 48.

[29] Keith T. Poole and Howard Rosenthal, "A Spatial Model for Legislative Roll-Call Analysis," *American Journal of Political Science* 29 (May 1985): 357–84.

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in establishing "unidimensionality; that is, being strongly, moderately, or not at all liberal in one policy dimension corresponds very highly with being liberal or conservative to the same degree in all of the other dimensions."[30]

## District Behavior in the 1988 Elections

I will begin by examining the 1988 House election. The question being explored here is whether the public is voting for different ideological dimensions when they split their vote. An analysis of the scatterplots (presented at the end of the text) suggests that in a majority of the districts where split-ticket voting occurs, the districts cast an ideologically unified ballot. Observe, for instance, Scatterplot 1, which compares the ADA ratings of Democratic and Republican members with the percent vote for President Bush in their districts. Focusing first on the Democrats, the plot, while tightly bunched in the middle, nevertheless shows a noticeable relationship: the higher the percentage vote in the district for Bush, the more ideologically conservative the Democratic representative. Meanwhile, in those districts where support for Bush is low, the Democrats elected to the House are liberals. While I do not wish the relationship to be viewed as causal, the correlation—roughly .66—provides further indication of a close relationship. Moreover, these divisions can be seen in percentage terms as witnessed in the accompanying cross tabulations of the scatterplot. The average ADA rating of a Democrat whose district voted more than 50 percent for George Bush was 66.8; this is significantly lower than the 85.5 average ADA rating of those districts voting at a less than 50 percent rate for the incumbent vice president. Certainly there are instances that bely this conclusion, yet in many cases there is strong indication that the voters are making a coherent ideological decision when they split their ballots between the House member and the president.

For example, 73 percent of the voters of Florida's First District voted for George Bush while simultaneously electing Democrat Earl Hutto to the House with 67 percent of the vote. Were voters really splitting their ticket in order to bring about divided government? Hutto had a 1987–1988 average ADA rating of 22 percent and is described as "one who comes as close to a Republican voting record as any member of the majority caucus."[31] Georgia's Tenth District supported Bush

[30] Schneider, *Ideological Coalitions*, 195.
[31] Barone and Ujifusa, *Almanac*, 251.

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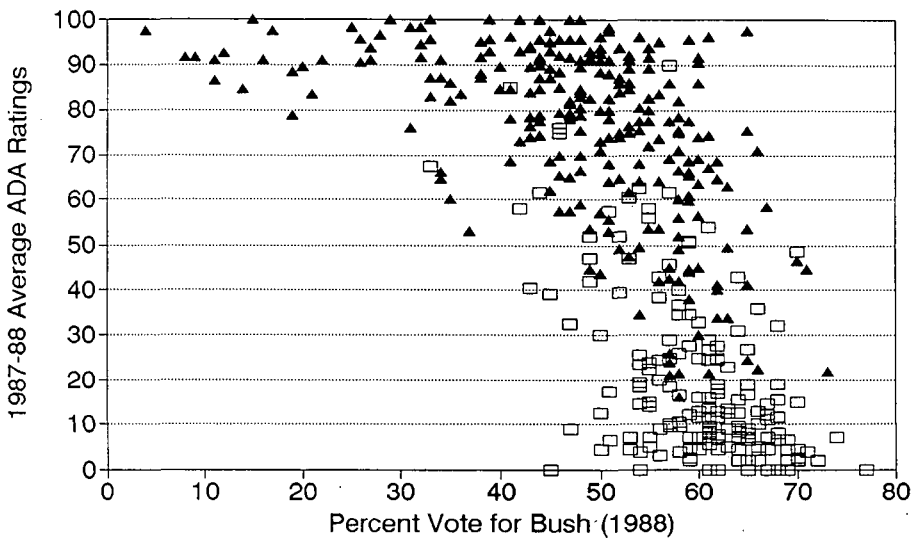
SCATTERPLOT 1

*1988 District Elections*




| *Democrats* | | | *Republicans* | | |
|---|---|---|---|---|---|
| *n* | *percent vote for Bush* | *average ADA ratings* | *n* | *percent vote for Bush* | *average ADA ratings* |
| 49 | 40 or less | 88.6 | 1 | 40 or less | 67.5 |
| 124 | 49 or less | 85.5 | 13 | 49 or less | 52.7 |
| 133 | 51 or more | 66.8 | 151 | 51 or more | 17.9 |
| 32 | 60 or more | 56.8 | 134 | 60 or more | 12.8 |

with 65 percent of the votes while electing Democrat Doug Barnard, who "tends to be conservative, the most market-oriented member of the Georgia Democrats, and by no means is liberal on cultural or foreign issues."[32]

A similar situation existed in Mississippi's Third District where Democrat Sonny Montgomery was reelected despite the strong support (66 percent) in the district for Vice President Bush. Montgomery is hawkish on military issues, traditional on cultural matters, and "over the years has usually voted with Republican administrations."[33] Democrat Bev-

[32] Ibid., 318.
[33] Ibid., 669.

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erly Byron of Maryland, a conservative on most issues, was elected despite two-thirds of the district voting for Bush, while Missouri Democrat Harold Volkmer worked hard while in office against gun control, was conservative on many social issues, and was subsequently reelected; 54 percent of his district voted for Bush. Charles Stenholm of Texas voted for Reagan's tax cut in 1981, had an average ADA rating of 16, and saw his district support Bush at a rate of 58 percent.

Exceptions certainly exist, but many of these can also be explained in ideological terms. Dante Fascell of Florida, for instance, had an average 1987–1988 ADA rating of 77.5, while his district voted strongly for Bush at 59 percent. He was, however, the chair of the Foreign Affairs Committee and had strongly opposed Fidel Castro and favored contra aid in a district with a large Cuban-American population. In Delaware, the electorate voted for Bush at a rate of 56 percent while relecting Thomas Carper to the House despite his 73.5 average ADA rating. The liberal rating not withstanding, Carper often angered the Democratic leadership with his conservative voting history in economic issues while sitting on the Banking, Finance and Urban Affairs Committee.[34] Many districts, meanwhile, are similar to Pennsylvania's Sixth or Ohio's Third, where voters supported Democrats such as Gus Yatron and Tony Hall with average ADA ratings of around 75; these members were liberal on economic issues, but like their constituents were conservative on many important social matters.[35] These high ADA members, all various types of economic, foreign policy, or social issue conservatives, appear then to have been able to blend in with the conservatism prominent in the Reagan and Bush administrations.

In numerous districts where nonincumbent Democrats were victorious despite concurrent voter support for Bush, the situation was comparable. In Virginia's Fifth District, for instance, conservative Democrat Lewis Payne replaced one of the last of the Byrd Democrats and a staunch conservative, Dan Daniel. Mike Parker of Mississippi's Fourth District was newly elected while criticizing Michael Dukakis and campaigning "as a backer of family values and believer in things American."[36] Both of these members would compile low ADA ratings (34 and 21 respectively) during their first terms. Of course in some districts, unusual circumstances existed. That Georgia Democrat Ben

[34] Ibid., 231.
[35] Ibid., 1042 and 942.
[36] Ibid., 671.

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Jones won in a district supporting George Bush at a rate of 59 percent would seem explainable, at least in part, to the incumbent Patrick Swindall being indicted a month before the election.

Analogous relationships exist among Republican House members. Again, with a few exceptions, most of the data points presented reflect a consistent ideological decision by voters; they support conservatives in both branches of government. In districts with lower electoral support for Bush, the ADA rating of the Republican House member is correspondingly higher. Representative Bill Green of New York City provides the limiting case of a Republican victor in a district where only 33 percent voted for Bush. He is considered "more liberal than most Democrats" on cultural issues and is "an ardent backer of gay rights measures and of having all federal medical programs cover abortions."[37]

## 1984 AND 1980 ELECTIONS

The 1984 and 1980 results feature similarities as well as some interesting differences. The scatterplots and crosstabs provide more evidence that in many districts, voters who split parties are not necessarily splitting for ideological reasons (Scatterplots 2–3). Eighty-one Democratic incumbents who were reelected in 1980 had average ADA ratings from 1979–1980 of less than 50.[38] In forty-eight of those districts, the voters simultaneously split their ballots to vote for Reagan. This number may well have been higher had it not been for the Democratic presidential candidate being a southern moderate. For instance, all of the districts in Georgia that reelected Democrats with average ADA ratings of lower than 50 in 1979 and 1980 also preferred the Democratic presidential candidate, Jimmy Carter. This occurrence is also likely responsible for the drop in the correlation between the variables to roughly .56. In 1984 the correlation increased to .66 as the fifty-six districts nationwide that reelected Democratic members with ADA scores lower than 50 (the Georgia districts being among them) all simultaneously supported President Reagan.

The ideological divisions remain apparent for both elections in percentage terms. In 1980 the average ADA rating of a Democrat whose

[37] Ibid., 842.

[38] I will attempt here, as well as later on in this article, to divide the ADA ratings at 50 into a cutoff point between liberal and conservative ideology. Such a cutoff point is a bit hazardous, since there is obviously nothing magical about being above or below this number. While the specific cutoff point is not of key importance, the numbers on each side do have a certain importance in real political life.

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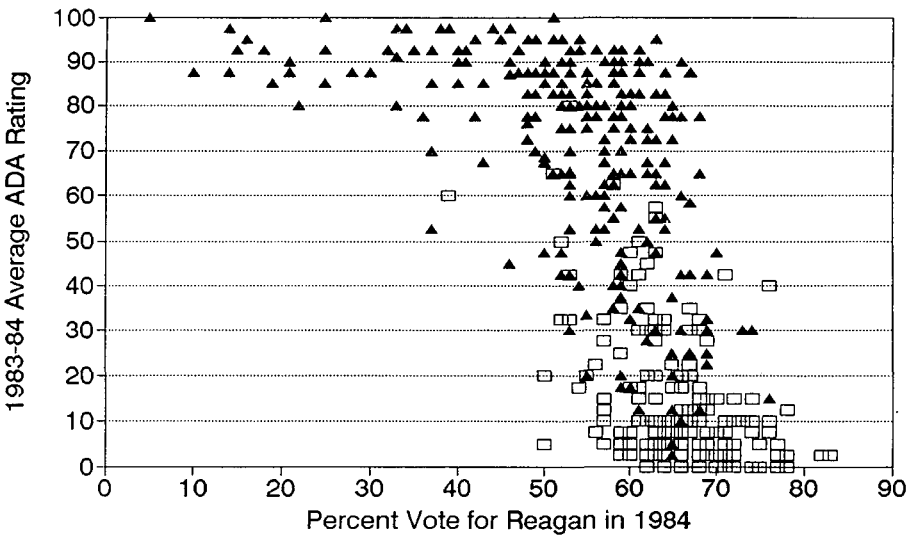
SCATTERPLOT 2

*1984 District Elections*




| *Democrats* | | | *Republicans* | | |
|---|---|---|---|---|---|
| *n* | *percent vote for Reagan* | *average ADA ratings* | *n* | *percent vote for Reagan* | *average ADA ratings* |
| 33 | 40 or less | 88.9 | 1 | 40 or less | 60.0 |
| 63 | 49 or less | 87.0 | 1 | 49 or less | 60.0 |
| 183 | 51 or more | 64.0 | 178 | 51 or more | 14.6 |
| 76 | 60 or more | 55.5 | 155 | 60 or more | 12.8 |

district voted more than 50 percent for Ronald Reagan was 52.3; this is significantly lower than the 64.0 average ADA rating of those districts in which less than a majority voted for the Republican presidential candidate. The numbers are even more stark when we compare what are usually considered safe districts, those that prefer one party over another at a margin of 20 or more percent. In districts where Reagan received 60 percent or more of the vote, the elected Democrats' average ADA rating was 28.7; the average ADA rating for Democrats was 76.7 in districts where Reagan received 40 percent or less of the vote. In 1984 the Democrats' average ADA rating increased to 64 in those districts that split to support Reagan at more than 50 percent.

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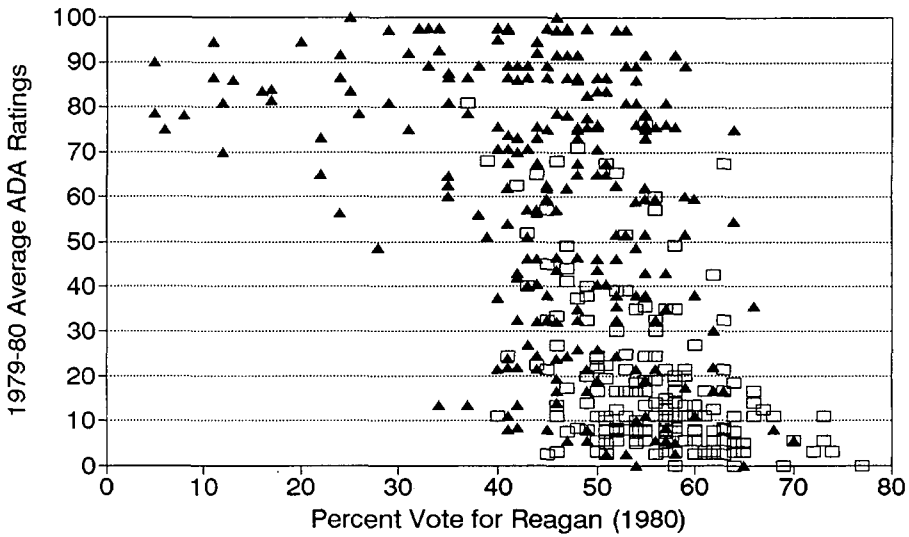
SCATTERPLOT 3

*1980 District Elections*




| *Democrats* | | | *Republicans* | | |
|---|---|---|---|---|---|
| *n* | *percent vote for Reagan* | *average ADA ratings* | *n* | *percent vote for Reagan* | *average ADA ratings* |
| 51 | 40 or less | 76.7 | 3 | 40 or less | 53.3 |
| 147 | 49 or less | 63.9 | 35 | 49 or less | 33.5 |
| 94 | 51 or more | 52.3 | 139 | 51 or more | 15.6 |
| 14 | 60 or more | 28.7 | 51 | 60 or more | 10.9 |

Yet the average ADA rating was 87 for those Democrats whose districts supported Reagan at less than a rate of 50 percent.

Many of the conservative House members elected came from the South. A good example is the election of Democratic Bill Chappell of Florida on a split ticket in both 1980 and 1984, while having "as conservative a record as any Florida Democrat."[39] In the Second District of Arkansas, with the incumbent Republican Ed Bethune entering the Senate race, Democrat Tommy Robinson was elected in 1984 despite his district's voting 60 percent for Reagan. During the campaign,

[39] Ibid., 286.

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Robinson eagerly proclaimed his conservative credentials. For instance, he ran newspaper ads welcoming Reagan to Little Rock proclaiming, "When I believe you are right, I will be your strong supporter."[40]

Other examples come from outside of the southern coalition. Take for instance the 1980 election of Democratic Representative Bob Stump from Arizona. The Third District supported Ronald Reagan over President Carter by nearly 40 percent while reelecting Stump by an almost identical majority. This seems the result less of calculated balancing decision making by the voters than of the fact that Stump, with an ADA rating of zero, had a voting record "almost indistinguishable from those of most Republicans." In fact, he was mentioned as a possible replacement in 1980 for Barry Goldwater's seat as a Republican, and later became a Republican.[41] In Indiana, Democrat David Evans was elected in 1980 with an average ADA rating of 30, while his district voted 62 percent for Reagan. Thomas Luken of Ohio used an anti-abortion and conservative economic record to get elected in a district that consistently votes for Republican presidential candidates. Ronald Mottl, also from Ohio, was relected in 1980 by, according to the *National Journal*, "reflecting his constituents"; he "spends little if any time promoting new federal programs," and strongly opposed school desegregation.[42] Meanwhile, despite 68 percent support for Reagan in 1980, the Sixth District in Oklahoma elected Glenn English with an average 1979–1980 ADA rating of 8.5.

## Ideological Electorates, Strategic Politicians, and Conservative Mandates

Examining split-ticket voting at the district level, therefore, offers an alternative hypothesis to Fiorina's sophisticated voters model. Instead of endorsing ideological division, the electorate may not be splitting their tickets at all. House Democrats from conservative districts are intelligent enough to realize that it is not politically wise to oppose Republican presidents. The public, meanwhile, appears to be aware that their Democratic representatives will not disagree with the Republican president, at least on issues of key importance to them.

[40] Quoted from Robert I. Steed, Laurence W. Moreland, and Tod A. Baker, *The 1984 Presidential Election in the South* (New York: Praeger, 1986), 195.

[41] Ibid., 44.

[42] Ibid., 898.

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If districts do elect a liberal representative and a Republican president, the member (for example, Fascell) is often conservative in a specific area of vital concern to the district. It is still possible that people vote for House members for somewhat different reasons than they do for the president. But contrary to Jacobson's contention that people prefer "a president committed to a set of diffuse collective goods and congressional representatives committed to minimizing what they have to give up to have those collective goods," what may in fact be happening is more along the lines of what the Founders expected: House members represent the particular concrete interests of the district, while the president represents a broader conception of the nation.[43] It is not that these voters merely want special favors but that they have specific issues of concern to them that are different from the priorities of the national parties. Thus when Florida voters support both Fascell and Reagan, they are unified around an intense opposition to communism in Latin America. Such interests, then, need not contrast with the district's ideological stance in presidential politics, but instead are compatible.

The argument can be made that the Republican challengers in a district that votes for a Republican president and a Democratic representative may still be closer to the Republican presidential candidate than the House incumbent. What appears to be a conservative Democrat by national standards may very well be considered rather liberal compared to the conservative presidential candidate and the local Republican congressional challenger. Thus, if district voters were truly consistent ideologically, they would prefer the Republican congressional challenger.

I do not wish to claim, however, that ideologically identical choices are occurring, just similar choices. We do not need an elaborate model of sophisticated voting to explain why districts would choose a Republican presidential candidate and a Democratic representative—especially when the representative is relatively close to the presidential candidate. At the congressional level, given a choice between a moderately conservative Democratic House member and a more extremely conservative Republican challenger, it makes sense (and is relatively consistent at the ideological level) for voters to choose the Democrat—even if they vote for the Republican president. Citizens vote for candidates for many different reasons. They do not vote solely on the basis

[43] Jacobson, *Electoral Origins*, 119.

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of ideology. Incumbency, the amount spent on election campaigns, unattractive challengers—all of these variables obviously influence the outcomes of election campaigns. As long as conservative congressional Democrats do not contest the ideological agenda of the Republican president, districts will continue to reelect these representatives to office, because perhaps they have achieved quite a bit for the district, and have reached a certain level of power in the House—all the while aligning themselves rather closely to the Republican president.

Ideology, however, is not always just one of many reasons that voters choose candidates; oftentimes, it dovetails with these other factors. For example, Jacobson argues that one reason for the rise in incumbency is that national party elites decide not to challenge most incumbents. He claims that "congressional voters behave the way they do because politicians behave the way they do."[44] Voters elect Democratic incumbents because they lack a suitable and respectable Republican alternative. But what in fact may be happening here is that the Republican party, faced with limited resources, has decided to spend its money against candidates who can really hurt it in Congress. Conservative Democrats are thus left essentially unchallenged, since they represent much less of a threat to Republican power than the liberals of their party. Not only do voters make ideological consistent choices in these instances, but they actually follow the lead of party elites who are equally if not more concerned with maintaining ideological hegemony in Congress.

Indeed, there is some evidence to support this claim. In the 1980 election, of the eighty-one members elected with ADA ratings below 50, only six faced challengers who spent as much as $200,000. Only eleven faced challengers spending as much as $100,000.[45] Moreover, none of the Democratic boll weevils, those who voted for Reagan's tax cuts in 1981, were defeated in the 1982 election. This had to do, at least in part, with the promises Reagan made to many of these members not to challenge them electorally if they voted his way on taxes. George Edwards writes, for instance, that "President Reagan promised letters of thanks and agreed to refrain from campaigning for Republican candidates in the districts of some conservative Democrats, in return for their support on important votes."[46] Many of the

[44] Gary Jacobson, *The Politics of Congressional Elections* (Boston: Little, Brown, 1987), 139.
[45] Campaign spending data comes from Barone and Ujifusa, *Almanac*, 1981.
[46] George C. Edwards III, *At the Margins* (New Haven: Yale University Press, 1989), 90.

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rising conservative political action groups of that time, Mack Shelley observes, targeted liberal Republicans, because they were interested in achieving a strong majority of conservatives, regardless of party.[47] With the increasingly powerful role that the national parties play in targeting elections, this phenomenon could increase in importance.[48]

## Consequences for Divided Party Governance

What consequences does district-level preference for an ideologically unified government have for how scholars ought to view divided party control? Until recently, the majority of the scholarship has focused on the negative consequences of divided party control. James Sundquist, for instance, has lamented divided government for bringing about a "difficult, arduous process, characterized by conflict, delay, and indecision, and leading frequently to deadlock, inadequate and ineffective policies, or no policies at all."[49] Congressional inability to accomplish much needed policy reforms, Benjamin Ginsberg and Martin Shefter argue, has brought about a permanently imbalanced budget, trade deficits, confused foreign policy, and an overall erosion of the nation's political and economic standing.[50]

These scholars have already been confronted with a number of studies that carefully point out that divided party control has little consequences on the amount of legislation accomplished. Through a close empirical analysis of important legislative enactments and high publicity investigations, David Mayhew claims that there is little difference in recent times between unified and divided partisan control: "From the Taft-Hartley Act and Marshall Plan of 1947–48 through the Clean Air Act and $490 billion deficit-reduction package of 1990,

[47] Shelley, *Permanent Majority*, 162. It should be pointed out, however, that many liberals were also left unopposed by serious conservative opposition. In fact, Demetrios Caraley finds that in the 1980 election, it is the moderate Democrats who were hurt the most. Faced between unthreatening conservatives, liberals from secure liberal districts, and often threatening moderates from moderate districts, it makes sense for many moderate Democrats to be targeted by conservative action groups. Demetrios Caraley, "Do Congressional Liberals Really Need to Tremble? A Quick Look at Some Hard Data," *Political Science Quarterly* 96 (Spring 1981): 27–30.

[48] For discussion of both the successes and failures of national parties in influencing House elections, see Paul S. Herrnson, *Party Campaigning in the 1980s* (Cambridge, MA: Harvard University Press, 1988).

[49] James Sundquist, "Needed: A Political Theory for the New Era of Coalition Government in the United States," *Political Science Quarterly* 103 (Winter 1988–89): 629.

[50] Benjamin Ginsberg and Martin Shefter, *Politics By Other Means* (New York: Basic Books, 1990).

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important laws have materialized at a rate largely unrelated to conditions of party control."[51]

Mayhew provides ample evidence that divided party control has little to do with the volume of legislative accomplishments. President Carter often had more difficulty with unified partisan control than Eisenhower, Nixon, and Reagan had with a mobilized opposition in control. What Mayhew's and other studies show is that a multitude of factors besides partisanship are often decisive for determining the amount of legislation that is enacted. Many studies have focused on presidential powers. During the Reagan era, scholars attributed the president's policy victories over a Democratic Congress to his personal ability not to bargain with Congress but instead to go public to get support for his programs.[52] Meanwhile, some deem presidential influence on foreign policy to be the consequence of institutional constraints on congressional involvement in classified security issues, which lead to temporary postponements of normal bargaining procedures.[53] Others just see these and other incidents of executive dominance as being part of a general trend towards the declining influence of Congress and the expansion of presidential power.[54] In contrast to such established power, Congress is seen as a stumbling and often bumbling institution widely regarded by the public as ineffective.

In light of the evidence presented earlier in this article of unified ideological voting, another important reason for legislative productivity is the ideological alliance between the president and a majority of the legislature. Critical to this alliance are districts' making unified choices at the ballot box. In the last decade, on a number of significant political events, the public was not asking for and receiving a system of checks and balances, but instead, demanding action from a president expected to deliver and a Congress expected to comply. Correspondingly, the conservative majorities elected by the people presided over quite dramatic governmental initiatives.

For instance, although he constantly made public his contempt for Democratic majorities in the House preventing him from instituting the people's wish to cut spending, Ronald Reagan simultaneously conducted with congressional acquiescence a quite thorough onslaught

[51] David R. Mayhew, *Divided We Govern* (New Haven: Yale University Press, 1991), 4.

[52] Samuel Kernell, *Going Public* (Washington, DC: Congressional Quarterly Press, 1986).

[53] Gary W. Cox and Samuel Kernell, "Conclusion" in Cox and Kernell, eds., *The Politics of Divided Government* (Boulder, CO: Westview Press, 1991), 243.

[54] Theodore J. Lowi, *The Personal President* (Ithaca, NY: Cornell University Press, 1985).

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of the welfare state, sharply reduced taxes, dismantled regulatory programs, began the abandonment of civil rights programs, and dramatically increased defense spending. The congressional support needed seems to have come less from Reagan's personal charisma than from the many Democrats in the House, especially the boll weevils in the South, who were receptive to policies designed to lower taxes and curb the budget.

Meanwhile, in the area of foreign policy, despite James Sundquist's claim that the "government could adopt no clear and effective policy at all," recent events indicate otherwise.[55] George Bush first amassed half a million troops in a Saudi Arabian desert without the prior approval of a Democratic Congress; then, with the troops already in place, he complained that divided government was preventing him from a swift response to an important crisis. Creating public pressure for action behind him and relying on a coalition of Republicans and Democratic House members who supported the war, he pushed a tentative Congress to vote its approval only hours before the already-set war deadline.[56] The war constituted nothing less than a striking example of the American government's ability to act with dramatic clarity and precision in devastating a rising political power in the Middle East. Moreover, the sophisticated technology of smart bombs and Patriot missiles provide evidence that the war was not merely a two-month anomaly but the product of an extensive, thoroughly thought out military build-up.

Despite Morris Fiorina's contention that "partisan impulses generated by divided government result in the appointment of somewhat more centrist, less ideologically committed justices," and despite the frequent lack of Republican majorities in the Senate, Reagan and Bush together constructed a conservative alliance in the Supreme Court of onerous proportions.[57] This alliance drastically diminished the government's role in protecting civil rights, abortion rights, and civil liberties. President Bush used public animosity towards the Democrats' handling of the Clarence Thomas nomination to push the Senate to rush hastily in confirming an ideological conservative with a controversial past and an unsettled accusation of sexual harassment. Conservative Demo-

[55] Sundquist, "Needed," 628.

[56] This also exemplifies how different ideological coalitions can be formed. In the war vote, usually liberal Democratic House members voted for the war, because on this issue their districts agreed with a more interventionist policy.

[57] Fiorina, *Divided Government*, 99.

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crats, who had initially supported Thomas and remained unswayed by the allegations or by his ideological positions, were the difference in his confirmation.

Often when the president is stopped by Congress, it comes not from the Democratic party as much as from the defection of disgruntled members of this bipartisan conservative coalition. In 1987, House Republicans' mean support of Reagan was only 60 percent on roll-call votes.[58] The temporary breakdown of the 1990 budget reduction drive was spearheaded by ultraconservative Republicans such as Newt Gingrich, while the same opposition appeared on the 1982 budget when many conservative Democrats and Republicans who worried about tax increases voted against President Reagan.

While scholars are preoccupied with partisan division, throughout the 1980s the president often relied on the ideological consensus among a coalition of Republicans and conservative Democrats. Without diminishing the role of presidential powers and other factors, I would like to argue that much of the time, the reason for important policy accomplishments is the lack of ideological division between the two branches of power regardless of conditions of party control.[59]

Returning to the data presented in the last section, very few districts have split their ballots while voting for Republican House members. In 1984, only one district that elected a Republican House member voted for Walter Mondale, and that member was the exceptionally liberal Bill Green of New York City. Throughout the decade, the Republican party has demonstrated much higher levels of ideological unity in roll call voting than has the Democratic party. Compare the tightly fitted scatterplots of the Republican party with those of the Democrats. This deviation in political ideology within the Democratic party has important effects on divided party rule.

By examining ideological rather than partisan division over the last ten years, a much different conclusion can be made about whether divided control is in fact a reality. Table 1 represents the partisan divisions in the House and Senate from 1977, the first of four years under the Carter administration and unified party control to 1991, the third year of the Bush presidency. Since 1981, there has been some

[58] Nigel Bowles, "Reagan and Congress" in Joseph Hogan, ed., *The Reagan Years* (Manchester, England: Manchester University Press, 1990).

[59] Factors such as bargaining are also related to this ideological consensus. A Republican president will bargain first and (with all likelihood) most successfully with a conservative House Democrat who is able to be persuaded.

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TABLE 1

*Partisan Division in Congress, 1977–1992*

| | Senate | | House of Representatives | |
|---|---|---|---|---|
| Year | Democrats | Republicans | Democrats | Republicans |
| 1977–78 | 61* | 38 | 292* | 143 |
| 1979–80 | 58* | 41 | 277* | 158 |
| 1981–82 | 46 | 53* | 243* | 192 |
| 1983–84 | 46 | 54* | 268* | 167 |
| 1985–86 | 47 | 53* | 253* | 182 |
| 1987–88 | 55* | 45 | 258* | 177 |
| 1989–90 | 55* | 45 | 260* | 175 |
| 1991–92 | 56* | 44 | 267* | 167 |

* The majority party.

form of divided party government with at least the House of Representatives being controlled by the Democrats. Since 1986, the Democrats have also had a majority in the Senate.

Compare these partisan figures to those in Table 2, which presents ideological breakdowns of the same fifteen years. I have divided the House into members with ADA ratings above 50 being considered liberal and below 50 being considered conservative. Keeping in mind

TABLE 2

*Ideological Division in Congress, 1977–1991***

| | Senate | | House of Representatives | |
|---|---|---|---|---|
| Year | Liberal | Conservative | Liberal | Conservative |
| 1977 | 50 | 50 | 184 | 250* |
| 1978 | 46 | 54* | 158 | 275* |
| 1979 | 35 | 65* | 185 | 248* |
| 1980 | 48 | 52* | 195 | 239* |
| 1981 | 37 | 63* | 169 | 264* |
| 1982 | 47 | 53* | 189 | 244* |
| 1983 | 42 | 57* | 230* | 199 |
| 1984 | 49 | 51* | 218* | 214 |
| 1985 | 40 | 60* | 211 | 223* |
| 1986 | 46 | 54* | 205 | 224* |
| 1987 | 59* | 41 | 228* | 205 |
| 1988 | 53* | 47 | 245* | 184 |
| 1989 | 45 | 55* | 221* | 205 |
| 1990 | 51* | 49 | 222* | 209 |
| 1991 | 56* | 44 | 209 | 223* |

* The majority group.

** Not all of the numbers add up to the total number of members. Certain members did not participate enough in the roll calls to credit them a rating.

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TABLE 3

*Ideological Division in Congress, 1977–1992*

| | Senate | | House of Representatives | |
|---|---|---|---|---|
| Year | ADA > 69 | ADA < 31 | ADA > 69 | ADA < 31 |
| 1977 | 33 | 40 | 111 | 198 |
| 1978 | 18 | 42 | 74 | 212 |
| 1979 | 13 | 43 | 120 | 217 |
| 1980 | 25 | 33 | 124 | 194 |
| 1981 | 27 | 51 | 126 | 223 |
| 1982 | 31 | 42 | 142 | 201 |
| 1983 | 29 | 44 | 186 | 168 |
| 1984 | 34 | 39 | 166 | 170 |
| 1985 | 28 | 48 | 148 | 187 |
| 1986 | 36 | 42 | 154 | 179 |
| 1987 | 43 | 35 | 196 | 163 |
| 1988 | 39 | 39 | 192 | 148 |
| 1989 | 33 | 40 | 177 | 165 |
| 1990 | 34 | 36 | 148 | 163 |
| 1991 | 37 | 38 | 148 | 179 |
| 1992 | 40 | 41 | 165 | 154 |

the hazardous nature of such a set cutoff point, the division can provide some descriptive importance for political life. And what stands out here is not consistent division during divided party government between Congress and the president, but often ideological unification. In six of the years, the conservatives had majorities in both chambers. In four of those years, they also held the Oval Office. Only three times since 1981 have the Republicans faced consistent united opposition from both houses.

Since there is a bit of fluctuation in ADA ratings using such a cut-off point, in Table 3 I also compare the members who received high ADA scores (70 and above) with those who received low ADA scores (30 and below) to control for moderate congressmembers switching around the rather arbitrary cut-off point.[60] The results are similar, if not making the ideological distinction even more apparent. Republicans have consistently had large numbers of strong conservatives in contrast to fewer strong liberals within the Democratic party. Most dramatically, there were enough strong conservatives in both houses in 1981 to constitute majorities by themselves.

[60] An example of the problems created by the minor fluctuations among moderates is in the Senate between 1989 and 1990, when small increases by seven Democrats (David Boren, John Chafee, William Cohen, Ernest Hollings, James Jeffords, Sam Nunn, and Charles Robb) and the decrease of one (Julian Dixon) led to a switch in the ideological majority as represented in the table.

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This ideological data leads to different conclusions about divided party control.[61] President Reagan appears by these tables to have a much more powerful and unified coalition than Carter had under unified government. This, then, allows us to make some sense of Reagan's success, especially in the first years of his term when the ideological support was the strongest. Whether this was due to the actual ideological make-up of Congress or to public support of the president that pressured representatives to act, it remains clear that Reagan had a strong conservative coalition for much of his term in office. This is not to argue that Reagan did not often face powerful resistance. It does contend that when he was able to convince key Democrats to join him in budget proposals, it was not just because of his ability to extract bargains. Whether because of constituent pressure or elite support, Reagan was often able to work with an ideological majority to exert influence in the federal government.[62]

## Conclusion

In this article I have reviewed the recent discussion by scholars about the problems of and reasons for divided party government. To date, all discussion of divided government has assumed ideological division between the parties. This should not be assumed: consensus on many issues remains evident in political actions taken by the bipartisan government. Moreover, this unified action appears to have support from the electorate. In many districts where voters split their vote between the different parties, a significant level of ideological consistency exists between the two candidates they choose. Divided government appears, then, to be a reflection of internal cleavages within the Democratic party more than any desire by the public to balance the parties against one another.

Future arguments on this subject need first to ask why the concept of divided government remains important as an analytical category. As President Bill Clinton continues to search for consensus during a

[61] Another important reason for ideological consensus is the shift of the Democratic party as a whole to the right. For evidence indicating such movement, see Thomas Ferguson and Joel Rogers, *Right Turn* (New York: Hill and Wang, 1986); Thomas Byrne Edsall, *The New Politics of Inequality* (New York: W. W. Norton, 1984); and Rohde, who makes a similar argument specifically about the House Democrats, in *Parties and Leaders*.

[62] See Allen Schick, "How the Budget Was Won and Lost" in Norman Ornstein, ed., *President and Congress* (Washington, DC: American Enterprise Institute, 1982), 21–23; John Ehrlichman, *Witness to Power* (New York: Simon and Schuster, 1982), 196–202; Edwards, *Margins*, 90.

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period of unified party government, it is apparent that numerical party majorities are an insufficient way of explaining existing political orders. Members of both parties today have a much different ideological and policy agenda than their counterparts from the Great Society or New Deal. This has important consequences for how the Democrats and Republicans engage each other in the legislative and governing process.

For Sundquist and others who advocate constitutional reform to end divided party government, this analysis makes clear that eliminating split districts will not dramatically alter the ideological makeup of the House.[63] Until parties achieve internal cohesion in line with how scholars envision a responsible two-party government, focusing on ideology will remain essential. If the Republicans gain House seats in districts where their presidential candidates are popular, they will replace primarily conservative Democratic members.

Fiorina is correct to argue that split-ticket voting needs to be better understood before constitutional reforms are made. This must be done, however, without the assumption that district voters are necessarily voting (whether intentionally or unintentionally) for different things. By examining ideological decisions, a much different conclusion can be ascertained from split-ticket voters and, more important, about the state of divided government in America.*

[63] See Rohde, *Parties and Leaders*, for similar conclusions, 181.

* I owe special thanks to David Mayhew and Corey Robin who were influential throughout the writing of this article. I would also like to thank Falu Bakrania, Morris Fiorina, Gary Jacobson, Cass Moseley, Jon Oberlander, and John Petrocik for their helpful comments.

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# Public and Private Sanctions against South Africa

KENNETH A. RODMAN

This article examines the role of nonstate actors in U.S. economic statecraft toward South Africa, both as constraints on state initiatives and as autonomous actors capable of directly influencing world politics. In so doing, it challenges one of the central premises of the dominant realist approach to international relations—that is, that states are the only significant actors in the global arena and that all other actors can only have significant influence through the intermediary of states.[1] Part I calls into question a state-centered approach to the study of economic statecraft, first by exploring how the growth of the multinational corporation (MNC) has limited the ability of states to mobilize economic resources for political ends, and second, by examining how nongovernmental actors, such as the anti-apartheid movement, can provide an alternative sanctioning framework through circumventing states and directly pressuring the corporation. Part II demonstrates the degree to which the behavior of these nonstate actors had a significant impact on the economic viability of apartheid inde-

[1] For a discussion of the state-centered bias in realist tradition, see Richard W. Mansbach, Yale H. Ferguson, and Donald E. Lampert, *The Web of World Politics: Nonstate Actors in the Global System* (Englewood Cliffs, NJ: Prentice Hall, 1976).

KENNETH A. RODMAN, associate professor of government and director of the International Studies Program at Colby College, is the author of *Sanctity versus Sovereignty: The United States and the Nationalization of Natural Resource Investments.*



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pendent of the sanctions imposed by the United States or other governments.

During the 1990s, South Africa witnessed a number of dramatic changes away from apartheid, culminating in the election of Nelson Mandela in the country's first multiracial elections in spring 1994. According to most observers, the economic sanctions imposed by the international community played a role in this transition, because the combination of economic pressure and international ostracism ultimately convinced white South Africans that change was less risky than the continuation of the status quo. The most significant formal sanctions were imposed in 1986, when most countries adopted trade sanctions and restrictions on new investment and credits. This included the United States when Congress overrode President Ronald Reagan's veto of the Comprehensive Anti-Apartheid Act, effectively overturning the administration's policy of constructive engagement, which had sought to encourage trade and investment with South Africa as a means of promoting liberalization through economic growth.

Yet what is striking about this change in economic statecraft toward South Africa is how the actions of governments were overshadowed by those of nongovernmental economic and political actors. First, multinational banks inflicted the greatest damage on the South African economy when they called in their South African loans as they came due in July 1985—more than a year prior to congressional sanctions. This triggered a financial crisis that led to the collapse of the rand, a drying up of new loans and investments, and a wave of withdrawals by some of the most prominent American investors. Second, nongovernmental anti-apartheid organizations compounded the costs and risks of normal business relations with South Africa by forcing corporations to incorporate political criteria into their economic calculations. Yet, unlike traditional interest groups, their greatest successes came not from lobbying the federal government to legislate restrictions, but rather from directly confronting the corporation with boycotts, stock divestments, shareholder activism, and through persuading state and local governments to link municipal contracts to withdrawal from South Africa.

## Multinational Corporations and Constraints on Economic Sanctions

Most of the debate surrounding South African sanctions centered on the question of whether economic pressures were the most effective

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means of eliminating apartheid. This debate generally assumed that the U.S. government was capable of controlling economic transactions between its firms and other states. The growth of the MNC, however, called this assumption into question by placing an increasing proportion of U.S. business activity outside the territorial boundaries of the United States. This process of internationalization impeded public attempts to use business as an instrument of economic statecraft because host countries have increasingly resisted American attempts to exercise extraterritorial control over foreign affiliates, and corporate perceptions of interest have increasingly diverged from those of foreign policy officials.

First, the U.S. government had difficulty extending its laws to U.S. overseas affiliates either in South Africa and or in third countries. For direct investors in South Africa, local law often negated the intent of U.S. government restrictions. For example, when the U.S. Congress and Treasury Department tried to investigate allegations that Mobil's South African affiliate had illegally transshipped oil to Rhodesia, they ran into the constraint that Mobil's subsidiary was licensed in South Africa and subject to local law. South Africa's Official Secrets Act, which prohibited disclosure of information on "munitions of war," such as oil, prevented Mobil, S.A., from opening its books either to the U.S. government or to Mobil's New York headquarters.[2]

Internationalization also complicated U.S. government attempts to enforce the United Nations arms embargo by controlling the strategic sales of American firms. In 1978, the Carter administration banned all exports to the South African military and police and compelled American firms to guarantee that any of its products manufactured in South Africa with U.S.-origin content would not be resold to these proscribed agencies. South African law, however, made monitoring and enforcement of these regulations very difficult. The Protection of Businesses Act, which barred firms from releasing information about their operations without government approval, prevented South African private firms or civilian parastatals from revealing relevant information. Also, under the National Supplies Procurement Act, the South African government was able to commandeer any goods and services produced in South Africa regardless of a company's intentions

[2] Thomas N. Gladwin and Ingo N. Walter, *Multinationals Under Fire* (New York: Wiley, 1980), 178–181.

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or policies, and could have ordered that the transaction be kept secret.[3] These laws called into question any commitment made by American firms to prevent the illegal end-use of their production. It also shielded the companies from legal liability, because they bore no responsibility for end-use unless they knew of its destination beforehand.[4]

American policy makers were also unable to extend controls to operations of American firms in third countries in Western Europe, Latin America, or Canada. These host countries have rejected American presumptions of extraterritorial control, arguing that American affiliates incorporated within their territory were local firms subject to local law. Moreover, since the 1970s, they were more assertive and successful in blocking U.S. attempts to assert extraterritorial control. The most dramatic example of this was the Reagan administration's inability to extend the pipeline sanctions to the European affiliates of American firms.[5]

Since allies and neutrals generally implemented less comprehensive sanctions than did the United States, foreign affiliates provide a conduit through which U.S.-based MNCs could have legally circumvented U.S. government sanctions. For example, since Ford's South African operation was an affiliate of Ford-Canada, Commerce Department regulations regarding strategic sales did not apply as long as less than 20 percent of their content is of U.S. origin.[6] The Investor Responsibility Research Center (IRRC) notes that many U.S. investors in South Africa consciously sourced imports outside the United States to avoid a potential conflict of laws in case the United States tightened its controls.[7] The strategy made sense for risk-averse managers, but it limited the range of corporate behavior that Washington was able to control for strategic denial or other forms of economic statecraft.

Second, this problem was compounded by changes in corporate perceptions of interest. In the past, corporate managers ethnocentrically

[3] Maxwell Mehlman, Thomas H. Milch, and Michael V. Toumanoff, "United States Restrictions on Exports to South Africa," *American Journal of International Law* 734 (October 1979): 593.

[4] Raymond Paretzky, "The United States Arms Embargo against South Africa: An Analysis of the Laws, Regulations, and Loopholes," *Yale Journal of International Law* 12 (Winter 1987): 144.

[5] For an analysis of how the decline of American economic power limited the U.S. ability to extend extraterritorial control, see Stephen J. Kobrin, "Hegemony, American Multinationals, and the Extraterritorial Enforcement of Export Sanctions" (paper presented to the Annual Meeting of the American Political Science Association, Washington, DC, September 1988), 17–27.

[6] Investor Responsibility Research Center (IRRC), "Summary of U.S. Sales to the South African Public Sector," South Africa Review Service, May 1988, 3.

[7] IRRC, "Sales to Strategic Enterprise in South Africa," Social Issues Series, Proxy Issues Report, 1988 Analysis G, 23 February 1988, 12.

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identified with U.S. diplomatic aims and tended to voluntarily cooperate with American embargoes and export controls.[8] By the 1970s, however, MNCs increasingly objected to and resisted the injection of foreign policy considerations into their business dealings. In part, this was due to the process of internationalization; as overseas operations became more important to the firm, its managers came to identify more closely with host country rather than home country aims.[9] This has also been due to the emergence of a self-conscious ideology of "business internationalism," which "elevates trade, finance, and investment as a social good which should not be tampered with lest that tampering produce distortions that would be even more harmful than the original problem."[10]

In line with this business internationalist ethic, corporate officials characterized their South African operations as apolitical and contended that they were being held responsible for injustices beyond their control. They further argued that neutrality with respect to local political conflict was essential for corporate survival given the diversity of governments with whom they do business. Hence, they consistently objected to the extension of U.S. law to their South African operations as a means of using American business as "an enforcement arm of American foreign policy."[11] As one Citicorp official noted, "there is one rule for American multinationals wherever they operate. This rule is: Hands off."[12] Similarly, MNCs with affiliates in third countries increasingly sided with host countries in objecting to the extraterritorial extension of American laws.[13] Given this corporate outlook, the U.S. government was less able to extend its laws to or obtain the voluntary cooperation of the foreign operations of American MNCs.

## The Anti-Apartheid Movement: Sanctions without States

One of the implications of the discussion above is that nonstate economic actors (MNCs) have achieved a degree of independence that

[8] For cases, see Jack N. Behrman, *Multinational Corporations and National Interests* (Englewood Cliffs, NJ: Prentice Hall, 1970), 104–112.

[9] Howard V. Permutter, "The Tortuous Evolution of the Multinational Corporation," *Columbia Journal of World Business* 4 (January/February 1969): 11.

[10] John F. H. Purcell, "The Perceptions and Interests of United States Business in Relation to the Political Crisis in Central America" in Richard E. Feinberg, ed., *Central America: International Dimensions of the Crisis* (New York: Holmes & Meier, 1982), 112.

[11] U.S. Congress, Senate Committee on Foreign Relations, *South Africa—U.S. Policy and the Role of U.S. Corporations*, 94th Congress, 2d sess. (1977), 532.

[12] Testimony of George Vojta, U.S. Congress, House Committee on International Relations, *U.S. Private Investment in South Africa*, 95th Congress, 1st sess. (1978), 395.

[13] Kobrin, "Hegemony," 27.

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constrains the state from effectively implementing economic statecraft. Nonstate political actors, such as the anti-apartheid movement, are not generally considered significant actors in foreign policy or economic statecraft. Within the state-centric tradition, such actors can only influence world politics as a pressure group, lobbying the state to exercise direct control over business. In other words, they can influence economic statecraft only by using the intermediary of the state.[14]

Yet pressure groups generally have a great deal of difficulty in penetrating foreign policy decision making, which resides in relatively insulated arenas, such as the White House and Department of State. This is a particular problem for human rights groups, since they tend to rely on outsider strategies of media exposure and grassroots mobilization, which are more influential vis-à-vis public opinion and Congress rather than the executive branch.[15] Even in Congress, this influence is limited by the remoteness of foreign policy issues from the average citizen and the resources expended by foreign governments and American corporations to persuade legislators to minimize impediments to normal economic relations with human rights violators.[16] Finally, even if they succeed in inducing the state to adopt their preferred strategy, public efforts will be subject to the same constraints with respect to MNCs delineated in the previous section.

Since the federal government may be unwilling or unable to control foreign corporate activities, some human rights groups have sought to alter corporate behavior through bypassing the state and directly pressuring the corporation. Such strategies may be effective, because corporate managers often behave more as risk-minimizers than they do as global profit-maximizers, particularly large diversified firms for whom the stake in question is a minor part of its global business activity.[17] In such cases, nongovernmental strategies may be able to redefine the corporate incentive structure by raising the costs and risks of defending the right to engage in business as usual. These strategies are also available to the state, although it may be more reluctant to

[14] See Bruce Russett and Harvey Starr, *World Politics: The Menu for Choice*, 2nd ed. (San Francisco: W. H. Freeman, 1985), 502.

[15] See Stephen Metz, "The Anti-Apartheid Movement and the Populist Instinct in American Politics," *Political Science Quarterly* 101 (Fall 1986): 394.

[16] See David P. Forsythe, *Human Rights and World Politics* (Lincoln: University of Nebraska Press, 1979), 130–136.

[17] Stephen D. Krasner, *Defending the National Interest: Raw Materials Investments and U.S Foreign Policy* (Princeton, NJ: Princeton University Press, 1978), 75–78.

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employ them, since its corporations are defined as instruments of foreign policy and domestic growth.[18]

An illustration of this is the role of nonstate actors in enforcing a United Nations code of conduct governing the aggressive marketing of breast milk substitutes in the Third World—a practice that contributed to increased infant mortality due to illiteracy, poverty, contaminated water, and the absence of facilities to sterilize and refrigerate. In a 1986 study, Kathryn Sikkink found that the infant formula code was enforced primarily by a transnational coalition of grassroots nongovernmental organization (NGOs). Through consumer boycotts, shareholder resolutions, and adverse publicity, these groups were able to "alter the interest calculations of companies" by imposing costs in terms of direct sales, executive and boardroom time, and corporate image, which were disproportionate to the market. In January 1984 they succeeded in inducing the largest company, Nestlé, to implement the voluntary code. What is noteworthy about this outcome is that it occurred despite minimal direct enforcement by governments and the opposition of the most powerful industrial state, the United States.[19]

As in the infant formula case, corporate practices in South Africa were challenged primarily by a loose transnational (though mostly American) coalition of nonstate actors. These included students, churches, human rights groups, African-American organizations, labor unions, and institutional investors.[20] While there was some diversity among these groups, their preferred strategy of economic statecraft was one of economic warfare comparable to the comprehensive sanctions imposed on the white minority regime in Rhodesia from 1967 through 1979. As one sanctions advocate noted: "Only after the regime is weakened by sanctions and other factors—internal strife, boycotts, strikes—is it likely to begin serious bargaining."[21]

Another parallel is that in both cases, NGOs achieved influence less through lobbying governments than through directly confronting the

[18] In 1986, for example, conservative members of Congress and the Reagan administration considered tying oil supply contracts to the U.S. armed forces to withdrawal of oil company operations from the MPLA regime in Angola. The Pentagon strongly objected, because this would complicate supply networks overseas. See *Africa Economic Digest*, 10 May 1986, 24.

[19] Kathryn Sikkink, "Codes of Conduct for Transnational Corporations: The Case of the WHO/UNICEF Code," *International Organization* 40 (Autumn 1986): 820, 828.

[20] Janice Love, *The United States Anti-Apartheid Movement: Local Activism in Global Politics* (New York: Praeger, 1985), chap. 1.

[21] William Minter, "South Africa: Straight Talk on Sanctions," *Foreign Policy* 65 (Winter 1986/1987): 50.

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corporation. Prior to the 1980s, anti-apartheid groups had negligible success in moving the United States toward their preferences.[22] At the same time, they directly confronted firms doing business with South Africa through consumer boycotts, stock divestments, shareholder resolutions, and pressure on state and local governments to deny municipal contracts to firms "doing business with" South Africa.[23] As these pressures intensified, corporations voluntarily attached social criteria to their South African dealings to deflect pressures for withdrawal. These included ending sales to the South African military and police, adopting the Sullivan Principles which committed signatories to nondiscriminatory hiring and workplace practices, and funding community development programs that provided housing, education, and legal services to nonwhites.[24]

These changes, however, fell far short of the preferences of most anti-apartheid groups. From their perspective, corporate social responsibility might have improved working conditions for some blacks or led to modest reforms, but it did not alter the structure of apartheid. A continued corporate presence in South Africa, moreover, strengthened that structure directly through taxes, technology, fuel, and continued economic growth, and indirectly through telling whites that they need not change because whatever the West says about its abhorrence for apartheid, it would always find South Africa to be an acceptable business partner.[25] Consequently, anti-apartheid groups intensified their pressures for disinvestment.

A final similarity between the two cases is that the stakes in question for most firms represented only a small fraction of their overall economic activity. In the Nestlé boycott, NGOs were able to induce a change in corporate policy by imposing a level of cost and risk on defending a corporate prerogative which represented only 4 percent of global sales.[26] Similarly, in the mid-1980s South Africa represented only 1–2 percent of the worldwide assets and sales of most American

[22] Except for the Evans Amendment, which tied Export-Import Bank credits to the employment practices of purchasers of American exports, Congress passed no bills that restricted economic relations or corporate practices until 1983. See David P. Forsythe, *Human Rights and U.S. Foreign Policy: Congress Reconsidered* (Gainesville: University of Florida Press, 1988), 13.

[23] David Vogel, *Lobbying the Corporation: Citizen Challenges to Business Authority* (New York: Basic, 1978), 169–181.

[24] Gladwin and Walter, *Multinationals Under Fire*, 172–174.

[25] See Tim Smith, "Time to Divest in South Africa?" *Management Review*, January 1987, 62.

[26] Sikkink, "Codes of Conduct," 825.

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firms and roughly 0.5 percent of the loan portfolio of the U.S. banks.[27] Hence, the South African case provided an arena in which a similar strategy of inducement can be examined.

## U.S. Government Policy: From Constructive Engagement to Sanctions

During the 1980s, the contest within the U.S. government over public strategies toward South Africa was fought between the Reagan administration's policy of "constructive engagement" and congressional advocates of economic sanctions. Constructive engagement endorsed cooperation rather than public pressure as the best way to encourage an evolutionary process of reform. The economic statecraft employed in this strategy saw the free market as an instrument of legitimation: increased foreign trade and investment would contribute to an expanding economy which in turn would improve economic opportunities for blacks and give the whites the security they needed to begin to move away from apartheid. Sanctions, on the other hand, were opposed because they would impose costs that would increase the likelihood of repression and revolutionary violence. Even modest sanctions would create a diplomatic climate of confrontation and impede the reform process.[28] Two concrete examples of this new approach were the relaxation of the Carter administration's restrictions on strategic sales and strong support for a $1.1 billion International Monetary Fund (IMF) loan in November 1982 after a sharp decline in the price of gold.[29]

Congress reacted to this change in emphasis by introducing measures designed to steer U.S. policy away from constructive engagement and toward the application of economic pressure. In November 1983 it passed an amendment that instructed the Treasury delegate to the IMF to vote against any new loans to South Africa unless there was significant progress toward dismantling apartheid. It also introduced two bills that would have banned new investments, loans to South African public sector, and the import of Krugerrands, as well as mandate that U.S. direct investors adopt the Sullivan Principles.[30]

[27] IRRC, "Divestment Roundup," South Africa Review Service, February 1987, 2–3.

[28] The policy was based in large part on Chester Crocker's article, "South Africa: Strategy for Change," *Foreign Affairs* 59 (Winter 1980–81): 323–351.

[29] Christopher Coker, *The United States and South Africa, 1968–1985: Constructive Engagement and Its Critics* (Durham, NC: Duke University Press, 1986), 210–213.

[30] *Congressional Quarterly*, 5 November 1983, 2314.

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The momentum for legislated sanctions increased with the escalation of violence in late 1984 and Pretoria's declaration of a State of Emergency in June 1985. But the inability of various groups in Congress to reach consensus on the purpose of sanctions—that is, mandating corporate responsibility, sending a signal, linkage to specific reforms, economic warfare—held up the passage of a bill. In the fall of 1985 President Reagan preempted congressional action with his own milder measures. The administration's declared aim was not to impose economic costs, but to present a "symbolic and tangible" signal of disapproval while continuing to pursue constructive engagement.[31]

As the violence and repression escalated in 1986, Congress passed a new sanctions bill and overrode a presidential veto. The main features of the Comprehensive Anti-Apartheid Act (CAAA) of 1986 were bans on imports of iron, steel, agricultural goods, coal, uranium (after 90 days), and textiles; exports of crude oil, refined petroleum products, nuclear technology, and computer sales (to the government); new bank loans; and new investments with the exception of the reinvestment of profits from South African subsidiaries.[32] Despite the disparate preferences of members of Congress, they succeeded in replacing constructive engagement with a concrete strategy of linkage—specifying the conditions for the removal of sanctions and promising additional measures if no substantial progress was achieved. In Anthony Sampson's words, it was "almost a complete alternative foreign policy."[33]

This alternative foreign policy, however, faced many of the same constraints that limited the scope of previous sanctions. While some European states (most notably the Scandinavian countries) adopted a tougher policy than the United States, the European Community (EC) avoided a ban on coal imports and only recommended a ban on new investments and bank loans.[34] Looser third-country controls implied that the U.S. government could not effectively enjoin the overseas behavior of its corporations and banks. Since the sanctions lacked extraterritorial reach, American firms were able to channel investment funds into South Africa through subsidiaries in third countries with

[31] See testimony of Chester Crocker, U.S. Congress, House, Committee on Foreign Affairs, *The Anti-Apartheid Act of 1985*, Hearings, 99th Congress, 1st sess. 1985, 123.

[32] "Comprehensive Anti-Apartheid Act of 1986" (Public Law 99-440, 2 October 1986) 100 *U.S. Statutes at Large*, 1086.

[33] Anthony Sampson, *Black and Gold: Revolutionaries, Tycoons, and Apartheid* (New York: Pantheon, 1987), 251.

[34] John Felton, "Bucking Strong Hill Sentiment Reagan Vetoes South Africa Bill," *Congressional Quarterly*, 27 September 1986, 2271.

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looser controls. The restrictions on sales to the South African military and police only applied to U.S.-origin components and technical data; American firms that sourced their parts outside the United States were exempt from the restrictions.[35] Finally, the failure to achieve a multilateral ban on bank lending implied that public officials lacked control over the offshore activities of American banks lending in syndicates with foreign banks.[36]

## Private Economic Statecraft

In sum, the CAAA's restrictions of American MNCs were less than airtight. The prohibition on new loans and investments could have been legally circumvented because of the global spread of American business and banking. But despite the potential loopholes, much of what could have taken place in theory did not for the most part take place in practice. The primary reason for this was not the formal legislation; strictures on new loans and investments merely ratified what had already taken place. The real actors who overturned constructive engagement were not public, but private—namely, U.S. commercial banks and foreign investors responding to economic and political risks and nongovernmental anti-apartheid organizations that magnified corporate responses to those risks.

*Foreign investors and banks.* The most significant private economic actors were the international bankers who virtually cut South Africa off from international capital markets after mid-1985. This outcome emerged out of a July 1985 decision by Chase Manhattan to stop rolling over its short-term loans as they came due and to freeze unused lines of credit. Chase's decision triggered a chain reaction among U.S. banks as they sought to decrease their South African exposure. This led to a weakening of the rand and a "massive drain" on South Africa's reserves until 1 September, when Pretoria declared a unilateral moratorium on debt repayments and imposed exchange controls.[37] The end result was a crisis of confidence in which the banks refused to extend additional funds without assurances of fundamental political reforms. Cut off from foreign capital, South Africa faced persistent foreign exchange shortages that threatened its ability to achieve economic growth

[35] IRRC (n. 7), 3.
[36] U.S House, *The Anti-Apartheid Act*, 129.
[37] Charles Grant, "The Banks Abandon South Africa," *Euromoney*, December 1985, 63-77.

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and political stability. As the *Financial Times* editorialized: "The handle of powerful economic sanctions is being thrust in [the West's] hands whether they like it or not."[38]

A similar retrenchment occurred among direct investors. The most visible example of this was the disinvestment of over 200 American firms after the eruption of political violence in 1984. Less visible, but probably more costly, were the efforts by firms to lower their exposure by reducing, if not cutting off, new capital flows to their South African affiliates. As the rand depreciated, some business journals noted that MNCs were transferring funds out of the country by over-invoicing imports, under-invoicing exports, and accelerating dividend payments abroad.[39] In effect, the financial crisis enlisted "even those firms uninterested in opposing apartheid to take actions desired by the sanctions campaign."[40]

With a few exceptions, corporate officials attributed their withdrawals to economic factors rather than political pressures. Even prior to Chase's decision, banks and firms faced an uncertain political and economic environment in South Africa. The growing unrest in the black townships since 1984 decreased the prospects for long-term stability and increased corporate perceptions of risk. Compounding this, the economy was in the middle of a severe recession brought on by drought and falling gold and diamond prices. The result was a depressed market and declining profits for many of the manufactured goods produced by U.S. firms.[41]

These conditions contributed to a loss of business confidence, particularly on the part of banks that had lent substantial capital to South Africa's private sector since 1982. This heavy short-term borrowing produced a liquidity crisis; by the summer of 1985, external debt had doubled to $24 billion, with $14 billion due in the next twelve months.[42] Moreover, much of this lending was based on the assumption that the economy would rebound and that Pretoria was in control of events. By 1985, it seemed less probable that South Africa could quell the violence either by legitimizing reforms or by achieving economic growth

[38] "Market Sanctions on Pretoria," *Financial Times*, 29 August 1985, 18.

[39] "Loss of Business Confidence Is a Sanction on South Africa," *Economist*, 21 June 1986, 67.

[40] Charles Becker, "Economic Sanctions against South Africa" *World Politics* 39 (January 1987): 166.

[41] See "Loss of Business Confidence," *Economist*, 21 June 1986, 67.

[42] Lawrence Harris, "South Africa's External Debt Crisis," *Third World Quarterly* 8 (July 1986): 807.

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sufficient to counter growing black unemployment. All of this decreased the banking community's confidence in South Africa's long-term ability to service its debt.[43]

*The Anti-Apartheid Movement.* A number of business journals and Reagan administration officials ironically interpreted these private sanctions as a vindication of constructive engagement. The judgments of the marketplace, they reasoned, were a more effective and constructive prod than were punitive sanctions or forced disinvestment. If Pretoria wanted to restore business confidence, it would have to reform apartheid and give international business the prospect of the long-term stability it needs to venture its capital. And, unlike legislated sanctions, marketplace pressures would not arouse South African nationalism and provoke a political backlash.[44]

But explanations solely at the level of external risk do not seem to justify the magnitude of corporate retreat. For the banks, South Africa's problems were serious, but not critical. It had an excellent repayment record, large reserves, a strong payments surplus on its current account, and a relatively low debt-service ratio.[45] For direct investors, political and economic instability in South Africa and elsewhere was not new, and they had usually maintained their stakes in order to retain market access when financial and political order was restored. Even if a revolution occurred, the experience of Gulf staying in Angola after the fall of Portuguese colonialism convinced many investors that if they stayed, they would still be able to do business with a black successor regime.[46]

A complete explanation of corporate behavior has to take account of the sustained efforts by various anti-apartheid groups to sway the commercial judgments of American corporations. In the 1980s, these groups expanded their activities. By 1986, they had persuaded over twenty state governments and some prominent institutional investors to divest their pension funds of stocks from companies operating in South Africa. Shareholder resolutions became increasingly prominent and garnered the support of a growing number of institutional in-

[43] Tony Hawkins, "Pretoria Imposes 4-Month Freeze on Repayments," *Financial Times*, 2 September 1985, 30.

[44] See, for example, Chester Crocker's testimony in U.S. Congress, House Committee on Foreign Affairs, *Legislative Options and United States Policy Toward South Africa*, 99th Congress, 2nd sess., 69–71.

[45] U.S. Department of Commerce, *Foreign Economic Trends and their Implications for the United States: South Africa*, September 1986, 7.

[46] See interviews in Felix Kessler, "Goodyear Toughs It Out," *Fortune*, 30 September 1985, 25.

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vestors.[47] As in the Nestlé case, these efforts contributed to what some corporate executives called the "hassle factor." For most American firms, South Africa represented a small part of worldwide operations. Yet these firms were obliged to devote a disproportionate amount of executive and board time to defend their continued presence in what was a decreasingly profitable part of their global network. At some point, the opportunity cost in terms of energy diverted from more lucrative endeavors or more serious threats was no longer worth it.[48]

A more important development was the adoption by over 140 states and local governments of ordinances which condition eligibility for city purchases or contracts on various forms of corporate noninvolvement in South Africa. Unlike stock divestments and shareholder resolutions, these measures had a direct quantifiable impact on the corporate balance sheet. Since many firms generated far more revenue from municipal sales and contracts than they did from all their business in South Africa, these actions have made disinvestment an "unpleasant, but economically rational decision."[49]

## Public Sanctions and Business Confidence

Even though U.S. government actions were limited in their ability directly to command corporate behavior, they were not wholly superfluous to this process of disengagement. Public sanctions, actual and potential, indirectly influenced corporate behavior by increasing private perceptions of risk. In South Africa, corporate managers faced a decision environment fraught with uncertainty. More restrictive sanctions could be imposed if the situation deteriorated or even stayed the same. Under such conditions, prudent managers generally minimized their vulnerability to worse-case scenarios.

Sensitivity to the U.S. foreign policy aims and to the likelihood of sanctions played a particularly important role for private commercial banks. Under the supportive aegis of constructive engagement, banks were willing to commit capital to the South African private sector.

[47] For summaries of NGO activities, see IRRC, "Divestment Roundup," South Africa Review Service, February 1987, 2–3; *Business International*, 13 December 1985, 393; and Mary C. Gosiger, "Strategies for Divestment from United States Companies and Financial Institutions Doing Business with South Africa," *Human Rights Quarterly* 8 (June 1986): 517–539.

[48] See Sampson, *Black and Gold*, 28; "Moral Pressures of the Market," *Financial Times*, 25 November 1986, 14.

[49] IRRC, "Withdrawal of U.S. Companies from South Africa," 1988 Analysis A, 4 January 1988, 12.

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Their expectations were rewarded in November 1982 when the Reagan administration strongly supported a $1.1 billion IMF loan to tide over payments difficulties associated with the declining price of gold. This gave the banks a measure of predictability and sparked a substantial increase in short and medium-term lending until the summer of 1985.[50] Similarly, the civil unrest following the Sharpeville and Soweto massacres produced a severe, but temporary flight of foreign capital. But the restoration of political order through repression and financial order through the IMF restored the confidence of banks to resume normal lending practices.[51]

As Congress played a more assertive role, that confidence disappeared. By legally barring the administration from supporting a comparable rescue package, it removed a financial safety net for the banks and contributed to the decision of the U.S. banks to preemptively repatriate their capital. Moreover, the concrete actions that the Congress took and was likely to take further weakened South Africa's ability to service its debts. For example, the ban adopted by the United States and other states on the export of oil to and import of coal from South Africa was partially circumvented, but according to some studies at a cost of $2–3 billion per year.[52] The possibility of future sanctions deterred many foreign businesses from investing in South Africa's export industries, which, with the depreciation of the rand, would have been more competitive.[53] All of these outcomes depressed South Africa's export earnings and impeded its ability to service its debt. The banks recognized that only by removing the threat of further sanctions could South Africa's creditworthiness be restored. Consequently, the banks hinged economic normalization (the resumption of normal lending) on political as well as economic reform.

Sanctions also influenced the calculations of direct investors. For example, the Rangel Amendment, which denied tax credits to the South African operations of American firms, induced a number of withdrawals, the most prominent of which was Mobil, by decreasing the profitability of equity holdings.[54] Even the prospect of future sanctions

[50] William Minter, *King Solomon's Mines Revisited* (New York: Basic, 1986), 319.

[51] Ibid., 183–189, 279–282.

[52] Gary Clyde Hufbauer, Jeffrey I. Schott, and Kimberly Ann Elliott, *Economic Sanctions Reconsidered: History and Current Policy*, 2nd. ed. (Washington, DC: Institute for International Economics, 1990), 245.

[53] "Loss of Business Confidence," *Economist*, 2 June 1986, 67.

[54] IRRC, *South African Reporter*, June 1989, 19–20.

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made disinvestment a more attractive option. A 1981 survey of corporate managers found that they saw little need to respond to private disinvestment pressures, because they discounted the possibility that the U.S. government would find sanctions in its interest. As one respondent observed, "South Africa is a classic case of people who want something done that they *can't* get through government."[55] But, as the violence escalated, it began to enter the realm of possibility that Washington might impose sanctions or mandate disinvestment. In such circumstances, U.S. firms stood to lose considerably because they would have been forced sellers with South African buyers having little incentive to pay anything resembling market value. Recognizing this, *Business International* advised its readers that if they were considering disinvestment, it would be more profitable to act before the likelihood of sanctions increased.[56]

## CONSTRAINTS

In sum, the disengagement of American corporations from South Africa was not a simple response to the marketplace. If that were the only consideration, business confidence might have been restored through macroeconomic reforms and the restoration of order, even through repression. Private pressures and uncertainties regarding public sanctions reinforced marketplace indicators and redefined corporate perceptions of interest. Corporate decision makers were thereby coopted as instruments that would impose costs on South Africa and incorporate political criteria as a precondition for the removal of those costs.

Yet, strategies of economic statecraft that induce rather than command MNCs are limited in what they can achieve. While they can increase the incentives for disengagement, MNCs remain independent actors, which can autonomously choose the form of disengagement that best serves their interests. And, some forms of corporate disengagement not only failed to impose serious costs on South Africa but also worked at cross purposes with some of the values of the anti-apartheid movement.

The clearest example of this was in the area of corporate disinvestment. Virtually all of the firms that liquidated their direct investments

[55] Allan R. Janger and Ronald E. Berenbeim, *External Challenges to Management Decisions: A Growing Business Problem* (New York: The Conference Board, 1981), 22. (Emphasis in original.)
[56] *Business International*, 1 March 1985, 67.

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in the late 1980s continued to do business with South Africa. Most companies sold their affiliates to local management or third parties, often lending them the money they needed to buy the operation. After the withdrawal, the American parent continued to sell services, technology, and trademark rights through licensing accords. These often included buyback options, which enabled the American firm to return if circumstances improved. In most cases, only the name of the company changed; the management, workers, and product stayed the same.[57]

For American firms, this provided a way to deflect popular criticism while still profiting indirectly from South African operations. In some instances, they improved their profit margins by selling off money-losing affiliates and receiving something for their assets.[58] The shift from direct investment to arms-length contractual relations also left these firms less vulnerable to politicization from future sanctions.

These actions did impose some level of cost on South Africa. The departure of such staunch opponents of disinvestment as IBM and GM was a powerful symbol of changing business attitudes. The sales also placed an added drain on the South African economy by forcing it to expend capital resources to buy existing operations rather than create new ones.[59] For the most part, however, they did not produce the costs one would expect from a punitive sanction. White South Africans suffered little economic hardship. And the symbolic effect of signaling South Africa's moral isolation was vitiated because South African consumers could still buy the same American goods that were available prior to disinvestment.[60]

There was also an underside to this retrenchment with regard to anti-apartheid values other than economic warfare, because devolving ownership to local management removed the operation from the former parent's commitments to social responsibility. First, once cut loose from the MNC, the South African offshoots were no longer bound to uphold the workplace reforms of many of their predecessors. In fact, only one of these new firms allowed independent on-site inspection of its workplace practices.[61] Second, local management was less constrained

[57] Alan Cowell, "The Ambiguity of South African Divestment," *New York Times*, 31 December 1986; Tamar Levin, "Pullouts May Spur Flights by Others," *New York Times*, 22 October 1986.

[58] *Business International*, 1 March 1985, 67–68.

[59] Sampson, *Black and Gold*, 254.

[60] Keith Hammond, "Out of Africa? Well Not Really," *New York Times*, 17 August 1986; Cowell, "Ambiguity," *New York Times*, 31 December 1986.

[61] Correspondence from Reid Weedon of Arthur D. Little Company, which monitors the Sullivan Principles, 5 July 1988.

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by adverse publicity in the home country from dealing harshly with black trade unions.[62] Third, disinvestment, according to an IRRC study, led to a substantial reduction in corporate funding of community development programs and organizations that challenged apartheid.[63] Finally, the new South African company is no longer barred by U.S. law or its former parent's policy from sales to the South African military and police.[64]

One reason why the anti-apartheid movement was unsuccessful in preventing these outcomes inheres in strategies that rely on inducements rather than commands. Nongovernmental pressures succeeded to the degree to which they increased the costs and risks so that corporate withdrawal became a self-interested option. Yet, even when this aim was achieved, MNCs still remained autonomous actors that could choose the form of withdrawal which best served the corporate balance sheet.

The preservation of nonequity ties can therefore be understood as a means of allowing the MNC to maximize the income it earned from South Africa after withdrawal. For the departing firm to simply sell off its plant and assets and completely withdraw was economically unattractive. First, the firm would have been in the position of a forced seller, greatly depressing its market price. Second, South Africa's two-tiered exchange rate system forced the foreign firm to repatriate the proceeds of the sale through the artificially depressed financial rand. On the other hand, licensing arrangements increased the value of the plant and equipment to South African management or third parties and increased the selling price. Moreover, payment for technology and services (as opposed to the sale of assets) took place at the higher commercial rand rate.[65] As a result, the strategy of retrenchment that best served the investor's economic interests was the one that minimized costs imposed on South Africa.

The negative consequences for corporate social responsibility can also be understood in terms of corporate self-interest. The new South African firm had a compelling economic interest in maximizing cash flow to repay the loan it used to buy the company. Moreover, it was

[62] David Hauck, "What Happens When U.S. Companies Sell Their South African Operations," IRRC, South Africa Research Service, May 1987, 8.

[63] Jennifer Kibbe and David Hauck, "Leaving South Africa: The Impact of U.S. Corporate Disinvestment," IRRC, South Africa Review Service, July 1988, 18–20.

[64] Hauck, "What Happens," 8.

[65] IRRC (n. 49), 13.

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no longer able to sink into the deep pockets of a global company—something that allowed the affiliate to accept political obligations even while operating at a loss. Since it had to pay greater attention to the short-term balance sheet, it had more of an incentive to abandon those obligations which reduced short-term profits, such as funding projects which do not yield income or abjuring lucrative sales to the apartheid-enforcing agencies.[66]

Such changes also served the interest of the former parent. MNCs accepted the obligation of social responsibility as a means of deflecting home state pressures for disinvestment, which was seen as the more costly option. The anti-apartheid movement succeeded when it made staying the more costly option. But once that occurred, the firm lost its interest in preserving its obligations after disinvestment. In fact, its economic incentive was to reverse its reforms since that improved the economic health of an enterprise to which it had generally lent significant capital and which continued to market its products. As a result, few departing firms conditioned their sales to local management on the continuation of "political" obligations which might have impeded cash flow.[67]

GM's sale of its manufacturing facilities to its South African partner, Delta, provides a case in point. Delta's first actions were to cut wages and lay off workers at its Port Elizabeth plant. When the black trade union responded by going on strike, Delta promptly fired the workers and ordered the police to remove the picketers. To further maximize its cash flow, Delta reduced funding of community development programs and resumed sales to the military and police.[68] In effect, disinvestment allowed former affiliates to take economically expedient actions that would have been politically difficult for an American firm.

A further constraint lies in the decentralized nature of nongovernmental economic statecraft. If the state's central decision makers decided to tie contracts to corporate behavior, the regulations would apply to the entire federal government. Private efforts to achieve the same end relied on a large number of separate campaigns to persuade state and local governments. Often, these efforts failed to achieve a full adherence to the movement's maximum aim of economic warfare.

[66] Hauck, "What Happens," 4–5.

[67] Lewin, "Pullouts," *New York Times*, 22 October 1986.

[68] IRRC, "Withdrawal of U.S. Companies from South Africa: *GM Corp.*," Social Issues Series, Proxy Investor Reports, 1988 Analysis A, 28 April 1988, 484–486.

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For example, in January 1987 five major anti-apartheid groups met to denounce disinvestment as a corporate "shell game" and to expand the definition of "doing business with South Africa" to include franchising, licensing, and management accords.[69] By January 1988, however, Los Angeles and San Francisco had been the only major municipalities to target nonequity ties.[70] Unlike the infant formula case, there was less of a consensus concerning what form of corporate compliance should be demanded to serve anti-apartheid aims. As a result, most municipal regulations conditioned contracts and purchases only on adherence to the Sullivan Principles, the termination of direct investment, or the absence of dealings with the South African state. MNCs were consequently able to satisfy the regulations of state and local ordinances with something less than total withdrawal.[71]

A final limitation has to do with the diversity of targets faced by the movement. In the infant formula case, NGOs confronted a single industry and focused a consumer boycott on the clear leader of that industry to stop an action that all relevant actors saw as directly related to the problem. In South Africa, anti-apartheid groups faced over 300 American firms (and many more non-American ones) ranging from banks to oil companies to computer and automobile manufacturers. Given the large number of corporate targets, effective action implied the concentration of resources on the most critical areas. In 1987, top priority was given to placing pressure on international oil companies. There was considerable transnational support for a consumer boycott of Shell, a company which maintained a direct stake in South Africa and had been accused of regressive labor practices and the illegal transshipment of oil.[72] As a result, firms that disinvested and maintained licensing accords were not as high a priority to the anti-apartheid movement and were relatively immune from protests and consumer boycotts.

## Conclusion

In the traditional practice of economic statecraft, the state regulates corporate behavior to promote a conception of public interest defined

[69] IRRC (n. 49), 13.

[70] Ibid., 13–21.

[71] In contrast, Sikkink notes that the high level of consensual knowledge on the effect of infant formula on infant malnutrition facilitated NGO activity. See "The WHO/UNICEF Code," 824.

[72] Terry Doddsworth, "U.S. Anti-Apartheid Challenge to Shell," *Financial Times*, 3 November 1986, 4.

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by policy makers. Nonstate actors, such as the divestment movement, challenge this traditional relationship by attempting to alter corporate policy, not through the political system, but through directly pressuring the firm. Writing in 1978, David Vogel observed that while these "citizen challenges" have had a discernible impact on some corporate practices, they have not been able to alter this fundamental relationship. This is because nongovernmental actors lack the capacity to command a privately-owned firm not to behave according to the logic of capital accumulation. That can only be achieved through the direct intervention of the state.[73] Hence, he concluded that "whatever success [nonstate actors] have had in changing corporate decisions is due almost entirely to the exercise of public authority."[74]

While economic statecraft may be a prerogative of states, their ability to exercise commands over corporate decision making has been limited by the growth of the MNC. In the United States, executive and congressional initiatives intermittently sought to pursue economic strategies toward South Africa, such as workplace reforms, strategic denial, and linkage. But governmental strictures lacked effective extraterritorial reach. South African law made it difficult to monitor compliance with controls on strategic sales while the CAAA's ban on new lending and investment could not have prohibited the channeling of capital and resources through nonboycotting countries. This effectively left economic statecraft to private economic actors responding to the opportunities and risks of the marketplace.

In the South African case, the most significant nonmarket influence on corporate behavior came not from public actors but from private political actors. Their successes came not from limiting the autonomy of firms to act as profit-maximizers but by redefining what firms calculated to be profitable. A declining economy and unstable political conditions also played a major role. In the past, however, firms have not disengaged so dramatically because they have wanted to preserve their stakes when the situation stabilized. Anti-apartheid pressures magnified the corporate response to these adverse conditions and made them more difficult to reverse. And in the case of the private credit boycott, they contributed to a retrenchment, which imposed severe costs on the South African economy.

State policies also played a role in this disengagement. As long as corporate managers believed that the U.S. government would support

[73] Vogel, *Lobbying the Corporation*, 225.
[74] Ibid., 15.

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IMF arrangements or oppose economic sanctions, they felt little pressure to disengage. But once it became clear that the United States would no longer play a supportive economic role and that punitive sanctions were possible, if not likely, disengagement became a self-interested option for risk-averse managers. What is noteworthy about this is the most effective public policies came not through the direct exercise of public authority over business. As with nonstate actors, they were those measures which induced corporate retrenchment through increasing the cost and risk of continued lending and investment.

Yet political strategies that rely on inducements rather than commands are limited in what they can accomplish. While they succeeded in changing the incentive structure for their corporate targets, those targets remained autonomous actors. These limitations were most evident in the practice of corporate disinvestment, which, unlike the private credit boycott, did not impose serious costs on South Africa and undermined social accountability and strategic denial objectives. The anti-apartheid movement had difficulty overcoming these limitations given corporate (both MNC and the local offshoot) self-interest in those arrangements and the multiplicity of targets (both MNCs and municipal governments) which they had to persuade. Preventing such outcomes would probably have required the exercise of public authority. Yet given the global reach of American business, this would have necessitated multilateral cooperation. In the absence of such actions, NGOs amplified marketplace pressures for retrenchment, but could not ensure that the form of that retrenchment would be compatible with their aims.

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# Economic Crisis and the Movement toward Pluralism in Poland and Mexico

VOYTEK ZUBEK
JUDITH GENTLEMAN

The historical development of politics in Mexico and Poland, their respective current socioeconomic situations, and the roles that they have traditionally played in the international arena invite a comparative analysis of the roots of the political liberalization process that has unfolded in both nations. Pioneering steps in establishing a conceptual framework for the comparison between Mexico and Poland were taken by Jeffrey Hughes, who through a broad historical, cultural and socioeconomic view examined the dependent status of both nations.[1] This article compares the pattern of interaction between economic and political factors that led to the movement toward political pluralism and liberalization in both societies by the 1980s. While the detail may vary, the general politicoeconomic trend in both societies is largely analogous and comparable, and it stemmed principally from elite perceptions of the political requisites of economic liberalization.

[1] Jeffrey L. Hughes, "The Politics of Dependence in Poland and Mexico" in J. F. Triska, ed., *Dominant Powers and Subordinate States* (Durhan, NC: Duke University Press, 1986), 342-370.

VOYTEK ZUBEK is associate professor of political science at the University of Alabama at Birmingham. JUDITH GENTLEMAN is associate professor of political science at the University of New Hampshire.



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By the mid-1970s, politics in both societies were managed through well developed hegemonic party systems. In the economic sphere, Mexico had opted for a strong, interventionist role for the state in a mixed economy, while Poland represented a somewhat muted variant of a Soviet-style economy. Although political opposition existed in both societies, political elites in both Poland and Mexico continued to exercise effective political-economic control, and fundamental social stability as defined by the hegemonic party system remained unshaken. At the end of the 1970s and in the early 1980s, however, both societies encountered profound economic difficulties. In each case, an ambitious, even audacious program of rapid economic transformation had collapsed. In both cases, although a number of desperate attempts were made to revive these economies, such efforts were to no avail.

Subsequently, both societies entered a period of profound socioeconomic change. In both Poland and Mexico, political elites apparently had reached the conclusion that they would be unable to achieve economic recovery while adhering to the traditional political-economic model. As a result, they took the critical decision to compromise with and encourage the expansion of entrepreneurial-capitalistic milieus while recasting the role of the state in national development. Moreover, in both societies the political elites apparently also began to realize that such a transformation could not be only exclusively economic in nature and that a political accommodation with the entrepreneurial, capitalistic milieus would have to be reached. Traditionally, these forces had played an important role in the broad mosaic of opposition in each society.

However, the decision to seek a new accommodation with opposition interests was hardly determined only by elite intentions unencumbered by outside influences. Rather, the strength, coherence, and efficacy of opposition milieus in the two societies had grown immensely. Opposition pressure encouraged political elites to move further down the road of political pluralization. In each society, the prolonged economic crisis that had led to drastic reductions in living standards both reinforced old and spawned new elements of opposition activity. In Poland, the massive Solidarity movement emerged at the outset of the 1980s. Later in Mexico opposition forces organized within a resurgent National Action party (PAN), Mexico's traditional center-right opposition party. The Cardenistas initially surfaced as a splinter movement within the official ruling party, the Party of Institutional Revolution (PRI), and later became an independent force led by Cuauhtémoc

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Cardenas, son of Mexico's renowned leader of the 1940s. To facilitate the transformation of the role of the government in the economy and to pursue marketization, economic liberalization, and privatization, the elites began to mount the tiger of cooperation with opposition forces that had become more formidable than ever before. Such interaction led in Poland toward a fundamental pluralization of the society and the loss of the hegemonic position by the Communist party, the Polish United Workers party (PZPR), its removal from power and its subsequent transformation into two oppositional social democratic parties. In Mexico, a process of political liberalization was set in motion that afforded new political space to opposition forces, principally those located at the center and right of the political spectrum, transforming the once hegemonic PRI into a dominant party.

## The Hegemonic Party Systems

At first, in the new elite's design for a Soviet-style socioeconomic system in Poland, a hegemonic role for the Communist party was to have been merely a transitional phase in the socialist transformation. After this interim period, the Polish Communists were to have assumed the role of the system's sole legal political party, just as had been the case in the Soviet Union. Coalition politics were to be abandoned.

However, with Stalin's death in 1953, the attempted rapid Stalinization of Poland (1948–1953) lost momentum and eventually even saw a partial reversal with the society remaining a de facto mixed economy. Agriculture remained largely in private hands, and diverse milieus of urban petty-entrepreneurs persevered. Moreover, the powerful and independent Catholic church provided an umbrella for the existence of various sociocultural, semi-independent organizations that focused on publishing, education, civic, and cultural activities.

The hegemonic party system still had not outlived its purpose even by the late 1950s and remained intact, although the official Communist ideology still viewed this political arrangement as transitory. The transition was supposed to extend considerably into the future, and the reasons for such transitional procrastination were embedded in the Communist elite's plans for the society's development. Developmental strategies behind the Gomulka and the Gierek periods (respectively 1956–1970 and 1971–1980) envisioned a steady transformation toward the ideal of the mature socialist society involving the emergence of a well developed industrial system along with the replacement of the

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hegemonic party system by the exclusive authority of the Communist party. While Wladyslaw Gomulka's economic program ended in stagnation and Edward Gierek's economic program crashed in a spectacular way, the political performance of the hegemonic Polish United Workers Party during these periods was highly effective. Although the regime was unable to eradicate political dissent and opposition, the Communist party was able to contain these forces enough to prevent their emergence from the realm of illegality.

As Latin America's most resilient political system, Mexico's political elite governed through a corporatist political order managed by the PRI-led party-government bureaucracy. Although the PRI government bureaucracy ruled as a hegemonic unit until the presidential elections of 1988, which saw the most significant mobilization of opposition in the regime's history, the political system was hardly static and did undergo a number of important changes that helped to shape the critical developments of the late 1980s.

What has been described as the period of the "loyal oppositions" began in the early 1950s and continued through the mid-1970s.[2] During this period, the National Action party and the satellite officialist parties—the Popular Socialist Party (PPS) and the Authentic Party of the Mexican Revolution (PARM)—offered important legitimating affirmation of the PRI's claims to democratic practice through their cooperation with the PRI. None of these parties ever garnered any victories of import during the period, however; nor did they ever exercise any discernable authority within the system. Mexico's highly centralized presidentialist system remained completely controlled by the official party-government bureaucracy throughout the period, with its power virtually uncontested in the political sphere. In the economic sphere, where the regime exercised primacy as rector of the economy, a careful strategy had been pursued that promoted a state-centric approach to the development of a mixed economy that fostered a regime-dependent pattern of development for the private sector. This in turn insured that the regime's political priorities were well served.

Changes in civil society brought about by economic, social, and demographic developments of dramatic scope forced adjustments on the part of the ruling political elite by the end of the 1970s. During the 1960s and 1970s, the society had experienced unprecedented levels

[2] Jacqueline Avramow Gutierrez, "Los partidos contendientes en 1988" in Jaime Gonzalez Graf, ed., *Las elecciones de 1988 y la crisis del sistema politico* (Mexico City: Editorial Diana, 1989), 15.

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of civil unrest in the form of rural insurgency, labor activism, and independent union organizing, together with student protests that culminated in the 1968 government assault at Tlatelolco that killed hundreds. The political elite had become increasingly concerned about the heightened level of social organizational development taking place outside of the official corporatist structure, including the emergence of a number of new although legally unrecognized political parties and an array of popular movements. Finally, officially reported increases in voter abstention coupled with the failure of the by now not-so-loyal opposition to put forward a presidential candidate in the 1976 election proved to be most troubling developments. They robbed the ruling party of long-counted-upon sources of democratic legitimation that had been used to offset the PRI's sweep of every presidential and gubernatorial election since the system's founding.

As with other previous instances of political reform in Mexico, the 1977 reform was designed principally to restore waning interest in the electoral process in order to channel new claims into an arena clearly dominated by the PRI. Not only did the 1977 reform succeed in this respect, it also succeeded in promoting the further splintering of an already divided left and in undercutting the appeal of mass organizations that had repudiated electoral politics.[3] Within the opposition, it was principally the right that benefited from the system's opening, although the reform stopped well short of change that could jeopardize the PRI's hegemonic position.[4] Nevertheless, the startling PAN municipal victories in Chihuahua in 1983 were followed in 1985 by blatant exercises of electoral fraud that brought into high relief once again the reservoirs of resistance to political liberalization still characterizing much of the PRI's organization, including key leadership elements.[5]

[3] For a discussion of the reform, see Wayne A. Cornelius, "Political Liberalization in an Authoritarian Regime, 1976–1985" in Judith Gentleman, ed., *Mexican Politics in Transition* (Boulder, CO: Westview Press, 1987), 15–40; and Wayne A. Cornelius, "Political Reform vs. Economic Liberalization in Mexico under DeLa Madrid" (paper presented at Oxford University, 2 June 1987). Barry Carr traces the reform's impact on the left in "The PSUM: The Unification Process on the Mexican Left, 1981–1985" in Gentleman, ed., *Mexican Politics in Transition*, 281–304.

[4] Silvia Gomez Tagle, "Los partidos, las elecciones y la crisis" in Pablo Gonzalez Casanova and Jorge Cadena Roa, eds., *Primer informe sobre la democracia: Mexico 1988* (Mexico City: Siglo Veintiuno Editores, 1988), 265.

[5] See Juan Molinar Horcasitas, "The Future of the Electoral System" in Wayne A. Cornelius, Judith Gentleman, and Peter H. Smith, eds., *Mexico's Alternative Political Futures*, Monograph Series, 30, Center for U.S.-Mexican Studies (La Jolla, CA: University of California, San Diego, 1989), 265–290; Juan Molinar Horcasitas, "Regreso a Chihuahua" *Nexos* 111 (March 1987); Gutierrez, "Los partidos contendientes in 1988," 26–28.

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In the meantime, the accumulated impact of the chronic economic crisis, which had befallen the nation in 1982 and had galvanized opposition forces to reject the old governing formula that precluded legitimate political competition, weighed heavily upon the PRI's leadership.

In both Poland and Mexico, hegemonic political systems had demonstrated over time their capacity to tolerate the existence of social opposition while negating its legitimacy and steadily working to undermine its manifestations. While distinguished from each other in terms of their philosophical orientation, both systems had based their political development upon the centralization of political authority and had achieved a virtual monopoly of state political power exercised through a highly developed set of political institutions linked together through the vehicle of an official ruling party. Despite the sophistication of their political structures, however, both systems found themselves beset with economic crises that challenged their hegemonic character and opened the door to fundamental political transformations.

## The Collapse of the Models of Development

In Poland, the workers' and the food riots in December 1970 brought down the Gomulka regime and with it the original post-Stalinist development program. Yet defenders of the Gomulka system could point to several unquestionable achievements: for one thing, the society had managed to invest intensively in basic industry without resorting to substantial foreign borrowing. Such economic development, however, was based upon the implementation of a de facto austerity program for the population: investment in agriculture, services, and consumer-oriented industries was limited and in many cases negligible. At the same time, political dissent remained confined largely to intellectual circles, and political stability was maintained with only the limited application of coercion.[6]

The Gomulkavite scenario for the transition toward a mature socialist society was never to be fulfilled. By the mid-1960s, the economy had stagnated and political pressure had begun to rise.[7] In the wake of the December 1970 uprisings that toppled Gomulka, his successor,

[6] W. Bienkowski, *Drogi Wyjscia* (Paris: Instytut Literacki, 1971); N. Bethell, *Gomulka* (London: Penguin, 1972).

[7] W. Bienkowski, *Socjologia Kleski* (Paris: Instytut Literacki, 1971).

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Edward Gierek, one of the leading figures in the Gomulka elite, undertook an extremely ambitious program of economic expansion.[8]

Although one of the chief assets of the conservative, self-reliant Gomulka system had been the avoidance of any foreign debt burden, dependence upon foreign financing became the cornerstone of Gierek's program. Borrowed foreign capital was to ignite the rapid development of the socialist sector of the economy and lead to the ultimate triumph of socialism in Poland. Western credits were to finance massive purchases of western technology and the thorough overhaul of the socialist sector of the economy. Poland was then to be transformed quickly into a massive producer of technologically advanced goods that would be competitive in western markets.

The Gierek plan envisioned a progressive increase in the standard of living for the labor force that would not only gradually alleviate many social pressures but also would contribute to the growth of productivity. However, another distinctive inheritance from the Gomulka system was the Polish labor force's low standard of living that enabled the elite essentially to have it both ways: to substantially increase the standard of living while still maintaining it at a level well below that of those western societies producing technologically comparable goods. The elite reasoned that in this way, Poland's favorable comparative labor cost advantage would boost exports enabling the nation to repay its loans and to generate capital for investment.[9]

Like the Gomulka program, the Gierek program did not call for the forceful destruction of the society's nonsocialist milieus—private farmers, urban petty-entrepreneurs, and the Church. Instead, the government chose to wait for the effects of the triumphant growth of the socialist sector to be felt, ultimately eliminating undesirable social elements. In the interim, however, while awaiting the anticipated atrophy of these milieus with the fulfillment of socialism, the Gierek government did not intend to allow these independent sectors to develop any further. The massive legal-bureaucratic apparatus erected during the Gomulka period to harass and contain these elements was

[8] M. F. Kakowski, *Przesilenie Grudniowe* (Warsaw: PWE, 1988); Z. Korybutowicz, *Grudzien 1970* (Paris: Instytut Literacki, 1983).

[9] *Raporty Dla Edwarda Gierka* (Warsaw: PWE, 1988); A. Bromke and J. W. Strong, eds., *Gierek's Poland* (New York: Praeger, 1973); M. Gamarnikow, "Poland under Gierek: A New Economic Approach," *Problems of Communism 21* (September-October 1972): 20-30.

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retained in order to guarantee that the triumph of the socialist sector would coincide with the demise of the society's nonsocialist sectors.[10]

The perseverance of private farmers and urban petty-entrepreneurs had little bearing, however, upon the success of the Gierek plan. Instead, the inability of Poland's political elite to implement the program constituted the chief reason for its demise. Although there were some feeble and half-hearted attempts to place at least some of the blame on alleged corruption, this tactic did not succeed in diverting attention away from a variety of failures in the plan's implementation.

Above all, the elite proved to be totally incapable of designing a systematic, orderly investment policy and instead throughout the 1970s presided over a chaotic orgy of investment.[11] As a result, hundreds of investments begun during this period remained uncompleted and offered little prospect of completion in the near future. Compounding the problem was the fact that costly borrowed foreign capital not only failed to generate profits as a result of mismanagement but also required repayment.

Further, while forging ahead with licensing agreements and massive acquisitions of technology from the West, the elite proved to be intellectually ill equipped to distinguish adequately among the riches of advanced western technology and consequently outmoded technologies and licenses were routinely acquired. Although some of the goods producible with these technologies (such as automobiles and electronics) were very impressive in the context of socialist-bloc markets, they were unlikely to earn substantial profits in western markets. Most ominous, however, was the import-intensive character of many of these new enterprises. As islands of western technology in the socialist economic sea, they required substantial inflows of costly imports to sustain their production. The extremely costly, short-term credits that were taken to satisfy such imports delivered the final death blow to the Gierek scheme.

At the end of the 1970s, Poland's foreign debt had skyrocketed to U.S. $30 billion, and western credits had begun to dry up while energy costs had risen dramatically. The hard currency necessary to support

[10] G. Kolankiewicz and P. G. Lewis, *Poland: Politics, Economics and Society* (London: Pinter, 1988); J. de Wedenthal, *Poland: Communism Adrift* (Beverly Hills, CA: Sage, 1979).

[11] A. Muller, ed., *U. Zrodel Polskiego Kryzysu* (Warsaw: PWN, 1985); B. Kaminski, "The Dying Command Economy: Solidarity and the Polish Crisis," *Journal of Contemporary Studies* 8 (Spring 1985): 5–35; J. Woodall, ed., *Policy and Politics in Contemporary Poland* (New York: St. Martin's Press, 1982).

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needed agricultural purchases and to continue operating many of the new enterprises that required the importation of raw materials, machinery, or spare parts from the West was now out of reach. In fact, the economy was bankrupt and an increasingly shaken elite scrambled to contain the damage. The rapid tumbling of the living standard and the unprecedented growth of inflation were some of the most direct consequences of the economic collapse. The distress among workers resulted in the rapid escalation of labor strife, especially strikes and work stoppages. Most important, however, was the growing trend of cooperation between the mobilized labor sector and the traditional political opposition.

The embattled elite was able neither to stem the labor action that escalated in the first half of 1980 nor did it display the internal cohesion needed to prevent the social fusion that created Solidarity in August of the same year. Moreover, during the Solidarity period, August 1980–December 1981, the elite became so engulfed in combating the Solidarity challenge that no coherent programs of economic rescue were undertaken. As a result, the economy and the standard of living continued their downward spiral. It was only with the imposition of martial law on 13 December 1981 that the political deadlock was temporarily broken as Solidarity was forcibly outlawed and its leaders interned. Having thus been rescued by the armed forces, the Communist party could return to its hegemonic role and devote its efforts to seeking a solution for the nation's economic malaise.

As with Poland, the first indications that Mexico would confront grave economic difficulties surfaced in the 1970s and finally became manifest with the financial crisis that took shape in 1976 as the Echeverria administration drew to a close. President Luis Echeverria Alvarez's program of Shared Development had been conceived at least in part as a response to the political fallout from the disturbances of the late 1960s that had done much to erode the regime's legitimacy. The rapid pace of development promoted by the regime's program of Stabilizing Development in the 1960s had triggered considerable social dislocation that was seen as most troubling by elements of the middle-class sectors and the intelligentsia. The Echeverria program acknowledged the inequalities that had been generated by the development process and committed the state to extending the benefits of the so-called Mexican Miracle to a wider segment of the population. To do so, the regime embarked upon a program of accelerated social spending and

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the expansion of the public sector with dramatic growth taking place in the number of public sector enterprises and entities.[12]

Echeverria's reform project sought to strengthen the position of the state vis-à-vis the private sector and to gain greater control over industrial policy, goals that clearly offended and disturbed important elements of the business community. Although long accustomed to the state's role in the management of the mixed economy, discontent arose within the private sector over what was viewed as the government's betrayal of the historic intra-elite partnership. The private sector signaled its resistance to the regime's policy in a variety of ways, but most important were its resort to capital flight and to reductions in domestic investment.[13]

Echeverria's costly reform projects together with the impact of government policies upon private sector investment and foreign investment generated alarming deficits that the regime sought to support through borrowing abroad and inflation. Although Mexico had begun as early as the 1960s to turn increasingly to foreign financing, between 1970 and 1976 the nation's public sector debt first began to rise dramatically, climbing from U.S. $3.8 billion in 1970 to U.S. $21 billion in 1976. Indeed, as early as the mid 1970s Mexico had become the second most highly indebted country in the world to U.S. commercial banks. Moreover, by 1976, service on the public external debt had already risen to approximately 15 percent of total federal expenditures.[14]

Mexico's situation had become so destabilized by 1976 that the country was forced to conclude a stabilization agreement with the International Monetary Fund that in turn facilitated a U.S. $1.2 billion dollar credit to support Mexico's deficits. The adjustment package called for the standard menu of public sector austerity measures and contractionary policies. The explosive growth of the public sector that had become the hallmark of the Echeverria period slowed under the new constraints, and pressing new questions were raised about the govern-

[12] Judith Adler Hellman, *Mexico in Crisis*, 2nd ed. (New York: Holmes and Meier, 1983), 187–196; see also E. V. K. Fitzgerald, "The State and Capital Accumulation in Mexico," *Journal of Latin American Studies* 10 (1978): 263–282.

[13] Hellman, *Mexico in Crisis*, 197; Sylvia Maxfield, "Introduction" in Sylvia Maxfield and Ricardo Anzaldua Montoya, eds., *Government and Private Sector in Contemporary Mexico*, Monograph Series 20, Center for U.S.-Mexican Studies (La Jolla, CA: University of California, San Diego, 1987), 2–3; Luis Rubio F., "The Changing Role of the Private Sector" in Susan Kaufman Purcell, ed., *Mexico in Transition* (New York: Council on Foreign Relations, 1988), 36–38.

[14] Timothy Heyman, *Investing in Mexico* (Mexico City: Editorial Milenio, 1989), 6, 29.

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ment's performance as rector of the economy and over the specific configuration of the development project.

Some have attributed this crisis to the failure of the political system to modernize and to its continued reliance instead upon instruments of cooptation involving the direct transfer of resources to insure support rather than by building support through electoral processes.[15] Still others have charged that Mexico's highly centralized presidentialist system had inevitably bred inefficiency, bureaucratism, and myopia in the policy-making process.[16]

While there is disagreement as to the roots of the crisis, in the regime's view at least, the ambitious program of petroleum sector development begun in the late 1970s was to have provided a definitive resolution of the government's financial impasse. Mexico's leaders not only promised a new era of prosperity as a result of the oil development project, but also asserted that the project would provide Mexico with the wherewithal to overcome poverty, underdevelopment, and dependence. Despite initial assurances to the contrary, the oil development project quickly became the axis of national development and was to serve as the central means of development financing for the government. In 1978, President José Lopez Portillo declared confidently that by 1980 Mexico would no longer have to rely upon external sources of financing and would be liberated from its leading constraint upon national development as a direct result of the petroleum sector development project.[17] In point of fact, however, the petroleum boom triggered skyrocketing import bills and ambitious foreign financing schemes, both backed by the expectation of a revenue windfall to be generated by the growth in petroleum exports. As had been the case with the Gierek regime in Poland, Mexico's development plans relied heavily upon foreign capital.

By 1982, the imbalance in Mexico's external sector had reached crisis proportions, leading to a suspension of payments on Mexico's U.S. $88 billion foreign debt and ultimately the provision of a nearly U.S. $4 billion rescue package from the international financial community. The state's miscalculations and mismanagement of the development

[15] Carlos Bazdrasch, comments delivered at the Center for U.S.-Mexican Studies, University of California, San Diego, 27 January 1988.

[16] See the critique developed by Gabriel Zaid, *La economia presidencial* (Mexico City: Editorial Vuelta, 1987.)

[17] Judith Gentleman, *Mexico Oil and Dependent Development* (New York: Peter Lang, 1984), 83.

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project had rendered the economy critically vulnerable to external shocks and had brought the nation to the brink of economic collapse, despite the spectacular 8 percent average annual growth rate achieved between 1977 and 1981. While external factors including declining oil sales, dropping prices, and rising international interest rates bore the chief responsibility for the skyrocketing public sector deficit, the decision to depend so heavily upon external financing of both public and private sector deficits to support the development project played a pivotal role in the ensuing collapse.

Ultimately, the financial crisis in the public sector had become so severe that the regime elected to nationalize the banking system and to impose unprecedented currency restrictions, measures that at once bore witness to and also further aggravated the breach between the government and private sector elites. The growing rift between important elements of the private sector and the government that had previously exploded at the end of the Echeverria period in response to a series of land confiscations among other state initiatives now took on crisis proportions.[18] Arguably, the bank nationalization and the imposition of currency controls constituted the final desperate effort by the regime to sustain its bankrupt agenda. The crisis also intensified a growing rift within the political elite that pitted neoliberal technocratic elements against more traditionally oriented populists together with the so-called politicos.[19] In short, by the end of 1982, the commonplace perception was that the political elite had failed in its role as the rector of the economy, a perception that seriously eroded confidence in old political formulas including the underlying social pact that had governed intra-elite and elite-mass relations, providing the framework for Mexico's political system.[20] Though differing in important respects, Mexico's and Poland's failed economic development programs shared a common state-centric perspective, emphasized centralization, assigned a secondary or subsidiary role to the private sector, and sought

[18] Matilde Luna, Ricardo Tirado, Francisco Valdes, "Businessmen and Politics in Mexico, 1982–1986" in Maxfield and Anzaldua, eds., *Government and Private Sector in Contemporary Mexico*, 13–45.

[19] See Roberto Newell G. and Luis Rubio F., *Mexico's Dilemma: The Political Origins of Economic Crisis* (Boulder, CO: Westview Press, 1984.)

[20] Ricardo Carrillo Arronte, "The Role of the State and the Entrepreneurial Sector in Mexican Development" in Maxfield and Anzaldua, *Government and Private Sector in Contemporary Mexico*, 58–63; Carlos Arriola, "De la perdida de confianza en el buen gobierno, 1970–1982" in Soledad Loaeza and Rafael Segovia, eds., *La vida politica mexicana en la crisis* (Mexico City: El Colegio de Mexico, 1987), 41–60.

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to accomplish a dynamic economic breakthrough, in both instances finding inspiration in Japan's postwar economic transformation. Again in both instances, programmatic initiatives designed to achieve the fundamental transformation of these economies, tied by complex relationships to international capitalist markets and financial resources, failed because of the coincidence of mismanagement, miscalculation, and a combination of misfortunes bringing about virtual economic collapse. For both nations' political elites, the climate of rising international financial and political pressure coupled with growing domestic discontent compounded the political stress derived from the economic debacle and prompted landmark reassessments of political and economic options.

## From Economic Crisis toward Pluralism

The attempted political restoration under martial law was the last desperate gamble of Poland's political elite to revitalize the hegemonic party system. While efforts to control the opposition and to keep it underground required considerably more resources than were needed during the Gomulka and Gierek periods, the Communist party appeared to be on its way toward rebuilding its political strength.

However, the party's effort to reclaim its hegemonic political role carried with it a trap; the removal of the opposition from the legal political scene once again placed sole responsibility for economic renewal on the shoulders of the elite. While only a bold economic initiative could conceivably address the system's profound economic malaise, the creation of a coherent, feasible program for reform proved to be a major stumbling block. Prospects for success appeared even bleaker when seen in the light of half-hearted attempts at bureaucratic restructuring undertaken in the first half of the 1980s, the results of which offered little encouragement. The confidence of the Polish elite and its resolve in restoring the hegemonic party system were shaken not only by the failure to create and pursue a plan for successful economic recovery but also by international factors, including U.S. economic sanctions. Most important, however, was the steady pressure from the Western European lending community and governments demanding a program of reform based upon political liberalization and economic decentralization.

As the regime searched for solutions, the role of pro-system intellectuals took on increasing importance and by the mid-1980s, the society

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had become inundated by a flood of publications from this group, stimulated by official encouragement, which offered a variety of designs for economic recovery. What quickly became apparent was the common denominator in the debate was an enhanced role for petty-entrepreneurial milieus in any program for economic recovery. While plans for gradual decentralization and the introduction of market principles into the socialist sector of the economy varied with respect to the scope and speed of the proposed changes, virtually all proposals vigorously endorsed the idea of unshackling the nation's petty entrepreneurs.[21] Accordingly, the artificially stunted petty-entrepreneurial sector was now supposed to undergo a dramatic recovery and boost its share of the economy up to 25 percent. However, this policy shift would constitute a very difficult task for the Communist party following four decades of hostility toward this milieu, and the deep abyss of distrust between the party and the nation's petty entrepreneurs would somehow have to be bridged.

The gravity of the situation was compounded by the restlessness of the workers who, in a massive wave of strikes in the spring of 1989, shook the very foundations of the system. Unwilling to contain the action with the use of brute force, the desperate elite turned to Lech Walesa and other leaders of the still-illegal Solidarity for help. Although Walesa's and Solidarity's intervention managed to quell the strikes, the elite found that it had to pay a critical price for this cooperation—the promise to enter into negotiations with Solidarity's leadership. To strengthen its hand before the opening of the pathbreaking negotiations, the elite needed some quick successes on the economic front.

The policy answer to this dilemma was the emergence of the Rakowski government in the fall of 1988. Soon after becoming prime minister, Mieczyslaw Rakowski extended repeated apologies to Poland's petty-entrepreneurial milieus, placing full blame for the misguided policies of the past in the lap of previous regimes and dramatically offered assurances of the unwavering sincerity of the new policy turnabout.

[21] See for instance, S. Kuzinski, *Polityka Gospodarcza. Realia, Dlyematy, Propozycje* (Warsaw: PWE, 1987); J. Lipinski and U. Wojciechowska, eds., *Process Wdrazania Reformy Gospodarczej* (Warsaw: PWE, 1987); H. Sadownik and B. Wawrzyniak, eds., *Reforma Gospodarcza. Doswiadczenai i Problemy* (Warsaw: PWE, 1985); K. Bajan, ed., *Reforma Gospodarcza i Jej Wdrazanie* (Warsaw: Kiw, 1984); S. Lewicki, *Co z Ta Reforma?* (Warsaw: IWZZ, 1985); and B. Minc, *Zreformowac Reforme* (Warsaw: Alma-Press, 1987).

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A decade earlier, Rakowski's efforts would have had a truly revolutionary character and would have had a chance to lay the foundations for a new socioeconomic structure in Poland, but at the end of the 1980s, these efforts of grass-roots, small-scale petty-entrepreneurial activities in the urban centers could not bail out the massive socialist sector, while private farmers, the leading element of the agriculture sector, remained manacled by the rigidity of the state-controlled price structure. Although the state was still able to exact from farmers low priced production sufficient to barely satisfy the most basic needs of the cities, the heavily exploited farmers had no incentive to increase production and no resources for investment.

Beyond the lofty pronouncements and half-hearted deeds on the petty-entrepreneurial front, the Rakowski regime was unable to design a decisive plan to reform the socialist sector of the economy; hence, its mandate rapidly eroded. The emergence of the Rakowski government provided only a temporary delay in fulfilling the promise to negotiate with Solidarity. However, since the Rakowski government was unable to rally the society around a new program of economic reform, in winter 1989, the whole system faced a dramatic crossroad. If the elite were to renege on its promise to negotiate, then a subsequent wave of strikes and civil actions would paralyze the economy and propel it into chaos. Although the elite still retained the capacity to impose its political will upon the society, it also clearly understood that any such exercise of the use of force could provide no economic solution whatsoever, and in fact would be likely to spur further economic deterioration. Instead, the party opted to accept a program of political pluralization to provide a means for resolving the economic crisis and decided to commence negotiations with the opposition.

The original power sharing arrangement that emerged from the round table negotiations conducted in spring 1989 was based upon a new electoral arrangement that provided for a new upper chamber (senate) to be added to the parliament and, most importantly, for free and unrestricted electoral competition for the hundred seats in the new senate. On the other hand, the allocation of seats in the lower, more legislatively powerful chamber (Sejm) was to be prearranged and restricted: Solidarity was guaranteed only the opportunity to compete for 35 percent of the chamber's seats in an unrestricted fashion but was barred from competing for the 65 percent of the seats that would be divided among the Communist-led coalition.[22]

[22] M. Henzler, "Wygrali w Prawyborach," *Polityka*, no. 21, Warwaw, 27 May 1989.

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The calculations of the Communist elite were based upon the expectation that although Solidarity was expected to win a majority in the senate, the ruling coalition hoped to be able to place many of its more attractive candidates there as well. On the other hand, Solidarity was not expected to win all 35 percent of the seats in the Sejm, since many candidates fielded by the non-Solidarity affiliated opposition groups were expected to win some of these freely contested seats. Thus, while Solidarity was expected to emerge from the elections with a sizeable parliamentary representation, the ruling coalition would still control a comfortable number of votes.[23] The June 1989 elections shattered the elite's hopes and calculations. The results of the senate vote were disastrous: Solidarity gained 99 percent of the seats with one taken by an independent maverick petty entrepreneur. Moreover, Solidarity cleanly swept the 35 percent of the seats for which it was allowed to compete freely.[24]

The immediate consequence of the stunning electoral defeat was the beginning of the collapse of the ruling coalition itself. Both of the subservient partners in the coalition—the United Peasant party (ZSL) and the Democratic party (SD)—had many compelling reasons to abandon their coalition with the Communists and to begin cooperating with Solidarity. In particular, since according to the round table agreements the next elections were supposed to be completely free and unrestricted, continued cooperation with the Communists would not bode well for the coalition's junior partners.

On the other hand, while the formidable Solidarity movement was united in its political struggle against the hegemonic Communist party, in reality it represented diverse and often contradictory socioeconomic interests, such as urban workers, private farmers, urban petty entrepreneurs, artistic and intellectual milieus, and the religious lay movement. The future institutionalization of the Solidarity movement would be very likely to bring about its own polarization. Thus the transition toward an alliance with Solidarity held great promise for the subservient parties. Potentially, they would be able to feed upon the intrinsic divisions within Solidarity and transform themselves into solidly class-based parties.

[23] K. T. Toeplitz, "Spoleczenstwo Wspolpracy," *Polityka*, no. 20, Warsaw, 20 May 1989; J. Syski, "Myslenie o Wielkiej Koalicji," *Polityka*, no. 21, Warsaw, 27 May 1989; J. Urban, "Prognoza Pogody," *Polityka*, no. 20, Warsaw, 20 May 1989; A. Krzeminski and W. Wladyka, "Wybory," *Polityka*, no. 22, Warsaw, 3 June 1989.

[24] *Gazeta Wyborcza*, Warsaw, 8 June 1989; K. Leski, "Zwyciestwo' Solidarnosci' Potwierdzone Oficjalnie," *Gazeta Wyborcza*, Warsaw, 10–12 June 1989.

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The breakdown of the ruling coalition proceeded swiftly. Soon after the electoral defeat, the minor parties within the coalition began an ideological campaign presenting themselves as victims of the Communist hegemony. Beginning with the first parliamentary debates, they vigorously asserted their new found sense of independence.[25] The new coalition's costume rehearsal, or first public collaborative effort between Solidarity and its new partners, occurred during the parliamentary election of the only pre-agreed-to candidate, the top Communist leader Wojciech Jaruzelski. The speeches of the minor parties' representatives were more aggressive toward Jaruzelski and the Communist party than were those of the Solidarity delegates. In an obviously well planned and executed maneuver by the new coalition, the vote giving the presidency to Jaruzelski rested upon a humiliating majority of one vote. In the following month, the new coalition prevented the Communist prime minister designate, Czeslaw Kiszczak, from forming a cabinet and instead challenged with its own proposal for a coalition government.

To prevent the emergence of such a government, Jaruzelski would have had to dissolve the parliament and rule by decree. However, any such action would surely have resulted in a wave of massive strikes and civil protests driving the economy into total chaos, precariously stranding the government on the slippery slope of increasing oppression. Apparently unwilling to face such a prospect, the Communist elite decided to allow the Solidarity-led coalition to form a government. While there was some chance that the non-Communist government would be able to mobilize the society and to undertake economic reforms successfully leading to the complete erosion of Communist strength, the grave economic situation raised considerable hope for the Communists. If the Solidarity-led government were not able to reform the economy and thus were to find itself presiding over a deepening crisis, then the Communists would gain a platform for initiating party reform with a view to rebuilding their constituency.

The PZPR's hopes were not to be fulfilled. While the Solidarity-led government rapidly pursued the political transition toward pluralism and democracy, the economic transformation was much more complex, requiring the imposition of tremendous material hardships upon the

[25] L. Bdekowski, "Po Grani," *Przeglad Tygodniowy*, no. 29, Warsaw, 16 July 1989; A. Checko, "Murem za Sprawami Wsi," *Polityka*, no. 29, Warsaw, 22 July 1989; A. Checko, "Plynna Lawa," ibid.

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population, who would reap few tangible economic benefits in the immediate future. The Solidarity government's decision to go cold turkey, plunging immediately into a market economy, substantially lowered the purchasing power of large segments of the society, especially those employed in the socialized sector and in state bureaucracies. Such hardships, however, did not improve the PZPR's chances for rebuilding its social constituency. By contrast, almost uniformly, the society blamed its predicament upon the failed policies of the Communists and enthusiastically supported the first Solidarity Mazowiecki government.

Under these circumstances, the PZPR began rapidly to disintegrate. To prevent its complete disappearance, its reformist factions decided to reconstitute the party as a social democratic party, Socjaldemokracja Rzeczpospolitej Polskiej (SDRP),[26] hoping to find more popular support. The PZPR's final XI Congress in January 1990, however, inflicted a final humiliation. With the clear instigation of Solidarity leaders who were interested in dealing with a cooperative social democratic party,[27] Tadeusz Fiszbach, Walesa's personal friend and a top PZPR leader, formed a second, splinter social democratic party, Unia Socjaldemokracji Rzeczpospolitej Polskiej, that substantially weakened the first.

In Mexico, although the virtues of economic liberalization had been paid some lip service at least as far back as the Echeverria period in the early 1970s and were debated when Mexico considered entry into the General Agreement on Trade and Tariffs (GATT) during the Lopez Portillo administration at the end of the 1970s, not until the collapse of 1982 did government officials move convincingly in this direction. As Miguel de la Madrid Hurtado's term unfolded, it was apparent that the regime had committed itself to a new strategy for recovery and development that would give rise to dramatic changes in Mexico's economic and political profile.

Beginning in 1982, the government enacted a series of measures designed to modernize Mexico's inefficient and noncompetitive productive capacity by placing greater stress upon the market mechanism and by opening the economy to the stimulus of international competition. The shift would move Mexico's economy away from the old

[26] Jan Bijak, "W Rzeczpospolitej," *Polityka* no. 5, Warsaw, 3 February 1990, 1, 6.

[27] Z Lechem Walesa, Przewodniczacym NSZZ (Solidarnoscz) Rozmawiaja Jerzy Baczynski i Marian Turski, "Czekam Na Ruch W Partii," *Polityka*, no. 4. Warsaw, 27 January 1990, 3.

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model characterized as "mixed, anti-export, oriented toward the internal market, protected and subsidized. . . ." to a model that emphasized the "private sector [and was] transnational, open, and focused upon manufacturing for export and efficiency."[28] Most important, however, was the principal emphasis placed upon the private sector as the focal point and engine of Mexico's economic future.[29] Modifications to Article 25 of the Constitution in the early years of the De la Madrid administration relating to the role of the state in the economy generated mixed signals. Some in the private sector charged that the state had taken a defensive position by formally affirming its rectorship role in the economy. Others argued that this change in fact signaled the redefinition of a more limited role for the state in the economy by barring much of the discretion the state had previously enjoyed by listing specific permissable instances of state involvement and providing that areas not explicitly identified would become the province of private sector activity.

The realignment and modernization of Mexico's stagnating economy would hinge upon improvement in nonoil export performance, a development that would in turn depend upon a cooperative, even enthusiastic response from the heretofore largely protected and dependent private sector that in some quarters had also grown resentful of government. Not only had the political elite turned, by default, to private initiative as its potential avenue of economic salvation, it now faced the prospect of having to embrace a hostile, alienated group of producers including some who feared the end of Mexico's protectionist structure and some already so soured on the nation's economic prospects that they continued to resort to substantial capital flight.

[28] Celso Garrido, "El nuevo patron de acumulacion y la viabilidad del crecimiento," *El Cotidiano* 29 (Mayo-Junio de 1989): 8; and Saul Trejo Reyes and Gustavo Vega Canovas, "El ingreso al GATT y sus implications para el futuro de Mexico," *Comercio Exterior*, 37 (Junio de 1987): 519–526.

[29] See Carlos Arriola, "De la perdida de confianza en el buen gobierno, 1970–1982," 51–53; Celso Garrido, "El nuevo patron de acumulacion y la viabilidad del crecimiento," 8–15; on the changing state-private sector relationship, also see Maria Amparo Casar et al., "Los empresarios y el Estado en Mexico:un analisis politico" in Celso Garrido, ed., *Empresarios y estado en America Latina* (Mexico City: CIDE/Fundacion Friedrich Ebert/ UNAM/UAM, 1988), 207–228; Jose I. Casar, "La modernizacion economica y el mercado en Mexico" in Rolando Cordera Campos, Raul Trejo Delarbe, and Juan Enrique Vega, eds., *Mexico: El Reclamo Democratico* (Mexico City: Siglo XXI, 1988), 137–142. One of the most extensive statements available on the modernization project is Rene Villareal, *Mexico 2010: De la industrializacion tardia a la reestructuracion industrial* (Mexico City: Ed. Diana, 1988), esp. 234–386. Also see IBAFIN, *Hacia una nueva politica industrial alternativa para el futuro. La competividad como objectivo* (Mexico City: Ed. Diana, 1988.)

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To accomplish its radical reordering of the development model, a number of bold initiatives were launched in the economic sphere including trade liberalization and entry into the GATT in 1986, promotion of nonoil exports, cuts in state spending, and the launching of a program of industrial reconversion or modernization that included, among other measures, privatization, decentralization, deregulation, the liquidation of state assets, and the liberalization of rules governing foreign investment.

While these initiatives corresponded directly to the prescriptions promoted by the International Monetary Fund (IMF) and Mexico's international creditors, it appeared that Mexico's ruling political elite had adopted the agenda of the so-called neoliberal reform project with some considerable vigor as compared with the record of other major debtor states in Latin America.[30] Mexico by contrast pushed forward with determination during the de la Madrid administration, pruning fully two-thirds of the nation's 1,155 state owned companies and tackling in the first year of the Salinas administration the politically sensitive challenges of state sector divestiture and reorganization in mining, telecommunication, and petrochemicals.[31] Public-sector investment plummeted to less than 5 percent of GDP, down from nearly 14 percent in the early 1980s. Together with reductions in other state sector activity, as one government source noted, "the government's role [has] been brought up to date. It is now taken to be one of formulating and guiding the economy so as to promote free initiative and individual creativity."[32] So thoroughgoing was Mexico's policy response to the crisis that the nation came to be viewed in the international financial community as a model for change elsewhere.

Modernization was billed as the key concept framing the process of restructuring. The impetus for the shift was clearly laid at the doorstep of the global imperative of the internationalization of production, the international integration of that production, and Mexico's commitment to participate in that process. As detailed in the National Development Plan for 1989–1994, Mexico's success would depend upon its ability to "spur productive capacity through stimulating individual initiative, with a competitive marketplace."[33]

[30] Adolfo Aguilar Zinser, "Mexico and the United States: The Lost Path" in Kaufman Purcell, ed., *Mexico in Transition*, 130.

[31] Heyman, *Investing in Mexico*, 7.

[32] Banamex, *Review of the Economic Situation of Mexico* (July 1989): 269.

[33] Ibid., 283.

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As the liberalization program unfolded, it became clear that the costs of the restructuring would be substantial for the Mexican people and that specific features of the project would be difficult to implement. To begin with, in an atmosphere of limited investor confidence and uncertainty together with restricted state investment, total investment fell to only half of what it had been at the beginning of the de la Madrid administration. Indeed, as the de la Madrid period drew to a close, some observers argued that Mexico's economy had nearly reached a point of deindustrialization. The crisis of confidence that had paralyzed private-sector investment following the bank nationalization of 1982 had by 1988 become virtually institutionalized.

Against the backdrop of the crisis of investor confidence and the ongoing scourge of rising domestic and international indebtedness, the regime was also forced to grapple with the problem of inflation, a problem that appeared to have the potential to undercut all other recovery efforts. To contain the problem at the end of 1987, the government imposed a heterodox anti-inflation plan dubbed the Economic Solidarity Pact, which provided for voluntary cooperation by labor and the private sector with wage and price controls. So successful was the pact in curtailing inflation that it became a semipermanent fixture of economic policy as a result of periodic renewals. The problem, of course, would be to reignite growth once the controls were removed without rekindling an inflationary spiral.[34]

Just as Mexico's political leaders had apparently resolved to modernize the government's relationship with the private sector, and to modify government's role in the economy by designating a leading role in the economy for private initiative and by emphasizing the private sector's entrepreneurial potential in meeting the global economic challenge, developments in Mexico's electoral arena in 1988 and 1989 attested to the government's changing perceptions of its political options and the need to "modernize" the political arena as well.[35] At one level, it was certainly true that the system had developed a track record of political reform over a twenty-year period, although most of these

[34] Heyman, *Investing in Mexico*, 35–50; Laurence Whitehead, "Political Change and Economic Stabilization: The 'Economic Solidarity Pact'" in Cornelius, Gentleman, and Smith, eds., *Mexico's Alternative Political Futures*, 181–214.

[35] "CSG y los Retos de la Democracia," *Excelsior*, 23 de abril de 1988; "Redefinicion del estado para fortalecerlo democraticamente: Carlos Salinas de Gortari," *Punto*, 1 de febrero de 1988; "Salinas: Reforma al congreso y al PRI: nuevo regimen presidencial," *Punto*, 25 de abril de 1988; Wayne A. Cornelius, Judith Gentleman, and Peter H. Smith, "Overview. The Dynamics of Political Change in Mexico" in Cornelius, Gentleman, and Smith, *Mexico's Alternative Political Futures*, 1–51.

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initiatives had been cooptative in character. Nevertheless, the society had experienced a growing degree of pluralism and political participation and had been increasingly complex with a host of new mass organizations, political parties, neighborhood organizations, and media vehicles for free expression. Yet the qualitative change that took place in the political arena in the 1988–1989 period, when greater political space was afforded to opposition forces, neither stemmed principally from sustained pressure from below[36] nor from a sudden embrace of democratic principles by the ruling political elite. Instead, the evidence suggested that emergent pluralism in Mexico derived from the political elite's recognition that the success of the economic reform would be directly linked to political reform. As one observer noted at the time, "Many Mexicans believe that economic and political liberalization are linked, the economy cannot be decentralized and opened up without corresponding changes.[37]

The July 1988 elections and the state elections in Baja California Norte and Michoacan in mid-1989 glaringly underscored the linkage between the two reform projects. Both the official results of the presidential and federal deputy races in the July 1988 elections, and the results of the 1989 state-level races that were specifically billed as serious tests of the government's political intentions, suggested that the ruling political elite was prepared to pursue liberalization but only on a selective basis. While some political space was afforded to private-sector and middle-sector-linked interests on the political right and center, the regime proved unwilling to accord more than token acknowledgment of the growth of center-left electoral strength demonstrated by the neo-Cardenista movement, which many believed had actually won the 1988 elections. Further, it was the center-right opposition's principle political vehicle, the PAN, that emerged with a greater level of organization from the July 1988 elections and was the party that enjoyed the greatest consolidation of its position thereafter.[38] As a result of the 1988 elections, the PAN was awarded an unprecedented number of federal deputies' slots; in the 1989 state elections, in another unprecedented development, the party was awarded a governorship in Baja California Norte, a state whose economic performance and cooperation were viewed as important for the success of the economic reform

[36] Jorge Castaneda, "The Choices Facing Mexico" in Purcell, *Mexico in Crisis*, 24.

[37] Purcell, "Overview: Mexico in Transition" in Purcell, *Mexico in Transition*, 8.

[38] Jaime Gonzalez Graf, "La crisis dei sistema" in Gonzalez Graf, ed., *Las elecciones de 1988*, 192.

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project. In addition, negotiations undertaken in 1989 concerning the government's latest political reform initiative further demonstrated the regime's commitment to cooperation with center-right interests and the PAN specifically, undercutting the chances for PAN-PRD collaboration. In other words, political space was afforded interest on the right, not only because those forces had sought greater political involvement, but because an enhanced environment for the exercise of private initiative would have to be promoted, one in which the principles of decentralization, liberalization, and privatization would have to be accorded greater emphasis if the economic reform project were to work.

By contrast, the neo-Cardenist-Democratic Revolutionary party (PRD), whose principles were viewed as essentially antithetical to the economic reform project, was largely denied new political space. Beyond the regime's implicit acknowledgment of the movement's impressive strength as registered in the official vote tally for the July 1988 presidential contest, the movement was nevertheless denied effective congressional representation and was later also denied a spate of victories, for example, in state and local elections in Michoacan.[39] The PRI was alleged to have won twelve of eighteen seats in the state legislature through the unrepentent use of electoral fraud and abuse, despite the fact that Michoacan was regarded as the virtual cradle of neo-Cardenism, owing to Cuauhtemoc Cardenas's deep political roots in the state.

Arguably, the state's commitment to pursue "modern politics," the new political initiative launched by the Salinas campaign, would be carefully delimited to include only those forces with a modern agenda whose goals conformed with the economic development project. In his important Puebla campaign speech in 1988, then-candidate Carlos Salinas de Gortari had explicitly rejected what he suggested was an outmoded neopopulist economic and political agenda being promoted by the neo-Cardenist forces during the 1988 presidential campaign and thereafter by the newly constituted PRD. Most telling, however, in the new political environment was the looming eclipse of the corporatist model and old corporatist forms as the state sought to disengage itself from the old social pact that tied it in important ways to labor and the peasantry.[40] A frequently heard theme of discussion concerning

[39] See the election coverage in *Proceso*, "Democracia Selectiva. Baja California si, Michoacan, no," 10 de julio de 1989.

[40] See Francisco Valdes's discussion of this issue in "Los empresarios, la politics y el Estado," *Cuadernos Politicos* 53 (enero-abril de 1988): 63; and Graciela Bensusan, "Reconversion Industrial: concentracion social y derechos laborales en Mexico," *Argumentos* 6 (abril de 1988):35–60.

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internal party reform for the PRI was the dismantling of the party's traditional sectors and its transformation into a party of "citizens."[41] Some reform elements within the party reasoned that this measure would permit the rationalization of economic policies that in the past had been substantially constrained by political criteria. While opposition critics on the right had argued that economic policy had for too long been held hostage to the regime's traditional base of political support, policy makers themselves began to advance the much more compelling argument that Mexico's economic success would hinge in large part upon the participation of a labor force that "permits new experiences and forms of alliances for production. In short, productivity and competitiveness."[42] These new emphases unmistakeably mandated changes in the state's relationship with organized labor and the popular sector at large along with the creation of a new political basis for labor-management relations.[43] Further, from the PRI's point of view, if the economic reform were to succeed, the state would have to undertake the cultivation of new sources of political support in other quarters to compensate for the erosion of the party's mass base, a process that was already well underway. While these initiatives were certainly consistent with the well developed critique of the regime advanced by some elements of the private sector that called for the dismantling of the corporatist system and the depoliticizing of economic decision making, it appeared that the decision to adopt the program of political modernization, with its important liberalizing component of selective pluralism, stemmed chiefly from the political elite's own recognition of the political requirements of the new economic model. Implicit in these developments was the promotion of a new competitive atmosphere and a new profile for the PRI to be shaped by the processes of modernization, liberalization, and growing pluralism.

## Conclusion

Ultimately, the movement toward political and economic pluralism and political liberalization in Poland and Mexico derived from the economic crisis-driven decision taken by these political elites to embrace what they regarded to be the only remaining feasible option

[41] Cornelius, Gentleman, and Smith, "Overview: The Dynamics of Political Change in Mexico" in Cornelius, Gentleman, and Smith, *Mexico's Alternative Political Futures*, 29.

[42] Banamex, *Review of the Economic Situation of Mexico* (July 1989) 283.

[43] Bensusan, "Reconversion Industrial," 35-60.

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that could reignite economic development—the legitimation of private initiative as the engine of growth. The onset of chronic economic crisis and the accumulated failures of both political elites clearly stirred the actions of burgeoning opposition groups and opened new windows of opportunity for their development. At the same time, while the political transition was shaped in important ways by the political energies of opposition forces, the judgments, made by beleaguered political elites played a critical role in the movement toward pluralism.

The linkage between the economic reform project and the political initiatives undertaken was evident in the pattern followed by elites in affording increased political space to opposition forces. In the Mexican case, the opposition force with the largest base of support was afforded only a minimal degree of new political space because of the conflict between the movement's agenda with the state's economic reform project. In Poland, it may be argued that Solidarity would have potentially remained deeply underground had the political elite not undertaken to resolve the economic impasse. One may well ask whether absent the economic crisis of the late 1970s and early 1980s in Poland and Mexico, there was reason to believe that either regime would have undertaken a program of political pluralism and political liberalization or the more fundamental redefinition of the state's role in society. Indeed, there appears to have been little or no impetus for such reform prior to the adoption of plans for the economic transformation of these societies. It was not until the political requirements of the economic transformation became clear that political elites in Poland and Mexico undertook their political reassessments.

As they confronted a series of economic crises, both the Communist party in Poland and the Mexico's PRI retained impressive political capabilities throughout the series of economic crises that confronted and continued to command a powerful political apparatus. The political shift stemmed from the reasoning within both ruling circles that economic liberalization would have to be pursued and that political liberalization would constitute a necessary corollary to that process.

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# Suez, The Perfect Failure: A Review Essay

ROBERT M. HATHAWAY

A generation and more after the events it signifies, the single word "Suez" remains synonymous for disaster in the annals of the Anglo-American "special relationship." But Suez was far more than simply an unhappy chapter in an otherwise flourishing British-American partnership. It was a seminal event in the recent history of the Middle East and of the Arab-Israeli conflict that forms so large a part of that history. It was a milestone in Great Britain's slide from world preeminence into the ranks of middling countries. It was a pivotal episode in the cold war. It was a landmark in America's rise to global leadership. And it was a very personal battle between two vastly different national leaders, British Prime Minister Anthony Eden and Egyptian President Gamal Abdel Nasser.

The past half-dozen years have witnessed a virtual deluge of new books on the 1956 Suez crisis, reflecting the fertile fields offered by the opening of rich archival collections, most notably in Britain's Public Record Office but also in the United States, Israel, France, India, Canada, Sweden, and elsewhere. *Suez* by Keith Kyle and *Suez 1956: The Crisis and Its Consequences*, a collection of essays edited by Wil-

ROBERT M. HATHAWAY is a staff member of the Foreign Affairs Committee of the U.S. House of Representatives. His most recent book is *Great Britain and the United States: Special Relations since World War II.*



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liam Roger Louis and Roger Owen, represent two of the very best of this flood.[1]

Kyle's *Suez* is a detailed yet eminently readable narrative that leads the reader almost day by day through the months of crisis that followed Nasser's 26 July 1956 announcement that Egypt had nationalized the Suez Canal Company. Kyle, who was the Washington correspondent for *The Economist* in 1956, writes with Britain as the central actor but has a great deal to say about American policy during the crisis as well.

Louis and Owen's *Suez 1956* offers a rather wider perspective. Its contributors are British, French, American, Egyptian, Israeli, Indian, and Australian. They include scholars, soldiers, and diplomats. Several were direct participants in the events of which they write. One, Mordechai Bar-On, was military aide to Israeli Prime Minister David Ben-Gurion during the key episode of the protracted crisis, the secret meeting at Sèvres where the British, French, and Israelis plotted their attack upon Egypt. Another contributor, Amin Hewedy, was a young military officer who sat in on conferences between Nasser and his chiefs of staff. Their articles far more systematically than Kyle's account bring in other national actors, including the French, Israelis, Egyptians, Canadians, Indians, and Australians. We learn much more about the roles played by important figures such as Indian Prime Minister Jawaharlal Nehru, Australian Prime Minister Robert Menzies, and Canadian Foreign Minister Lester Pearson.

But inevitably it is Eden who occupies center stage in this story. In 1956, after a long apprenticeship as Winston Churchill's foreign secretary and heir apparent, Eden was widely regarded as the most accomplished diplomat of his day. And yet there was something fundamentally flawed beneath his urbane demeanor. An immensely able number two, Eden lacked some basic intangible that would ensure success in his country's highest office. He possessed, Kyle writes, a great "capacity for self-deception" (p. 440), which allowed him to see what he wished to see. He was blind to how seriously the western position in the Arab world had deteriorated, and utterly failed to understand that British aspirations in the Middle East were irreconcilable with Arab demands for independence and national dignity. His Middle East diplomacy, Lord Beloff concludes, reflected "the illusions of a passing age" (L/O, p. 334).

[1] Keith Kyle, *Suez* (New York: St. Martin's, 1991); William Roger Louis and Roger Owen, eds., *Suez 1956: The Crisis and Its Consequences* (Oxford: Clarendon, 1989) hereafter L/O.

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The results, for Britain as for Eden, were uniformly disastrous. British pretensions to being a world power were stripped bare. Western solidarity was fractured. Nasser emerged from the crisis much strengthened, a hero not simply in Egypt but throughout the Middle East and the rest of the underdeveloped world. Anti-British, antiwestern Arab nationalism was greatly stimulated. Moscow was enabled to escape the opprobrium it so richly deserved for its brutal suppression of the simultaneous Hungarian revolution. Instead, Soviet stature in the Middle East, Africa, and much of Asia was greatly enhanced. And an exhausted Eden soon resigned the post he had waited so long to hold. It was the perfect failure.[2]

Nor did the aftershocks of the fiasco stop there. For France, a direct line ran from Suez to the triumph of de Gaullism, the dissolution of the Fourth Republic and its replacement by the Fifth, the movement toward Europe sans Britain, the development of the *force de frappe*, and the withdrawal from the military side of NATO. In the United States, the administration of Dwight Eisenhower quickly stepped into the vacuum left by the British and French humiliation, launching the Eisenhower Doctrine and requesting an open-ended congressional authorization to oppose communist aggression in the Middle East. And in the Middle East, Suez solidified Arab-Israeli antagonism, ushered in a new regional order under Egyptian aegis, and convinced many Palestinians that they could not depend upon any of the Arab states to win a homeland for them, which furthered the movement toward the creation a few years later of the Palestine Liberation Organization.

Both these volumes reinforce the recent scholarship that maintains that President Eisenhower was the real architect of American foreign policy and that Secretary of State John Foster Dulles faithfully followed the guidelines laid down by his chief. Eisenhower rightly recognized that the conflict in the Middle East transcended Nasser and that Britain should avoid giving the Egyptian president, by its actions or rhetoric, a greater stature than otherwise he might have. The American resisted British and French insistence that Nasser was a tool of the Soviet Union and counseled his European friends to avoid pushing Egypt into Moscow's arms. He rejected the advice of his own Joint Chiefs of Staff that allied solidarity required that the United States

[2] Though frequently used to describe the 1961 Bay of Pigs invasion, this phrase seems even more apt for Suez. See Trumbull Higgins, *The Perfect Failure: Kennedy, Eisenhower, and the CIA at the Bay of Pigs* (New York: Norton, 1987).

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support the British and the French in their misguided attack upon Egypt.

On the central issue of whether Eisenhower made it clear to Eden that the United States would not condone the use of force against Egypt, the evidence heavily favors the Americans. "Time after time, and forcefully," Maurice Vaisse writes in *Suez 1956* (in a judgment that is endorsed by Kyle and several other authors in the Louis/Owen volume), Washington "warned that it was opposed to any military operation" (p. 143). Only by willful and self-deceiving reasoning could Eden have concluded otherwise.

Even so, American actions did lend themselves to wrongful interpretation by those who sought to be misled. In the initial weeks of the military buildup against Nasser, Washington gave approval for British expeditionary forces to use radio equipment assigned to NATO and met France's request for top priority assistance in providing essential spare parts for French warplanes on their way to the Middle East. Dulles, while always working within the parameters set by the president, sometimes suggested an elasticity to American policy that Eisenhower did not intend. (Churchill thought Dulles "clever enough to be stupid on a rather large scale" [Kyle, p. 46].)

Both these books explore the way in which the simultaneous crises in Hungary and Egypt were intertwined, although neither allows the events in Eastern Europe to divert attention from Suez. Both agree that the two crises developed independently, with neither having more than a marginal impact on the other. The Soviet decision to crush the Hungarian rebellion was largely unrelated to events in the Middle East, although Suez may have slightly affected the timing of Moscow's move against Hungary. The crisis in East Europe did not influence the decisions in London, Paris, and Tel Aviv to go forward with the planned invasion. The U.S. failure to respond more forcefully to the Soviet assault on Hungary cannot be explained by referring to events in Suez, nor did Washington permit the Hungarian crisis to dissuade it from breaking publicly with its allies over Suez.

Despite the wealth of new sources now available, neither of these books adequately explains the role of British and particularly American intelligence in the Middle East. Clandestine operations, either contemplated or actually carried out, are hastily passed over, undoubtedly because the available documentation, for all its richness, does not elucidate these matters. The reader is left wondering, for instance, how the coup to overthrow the Nasser-sympathizing government in

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Damascus, planned for late October by U.S., British, and Iraqi intelligence officials, related to the move against Nasser. British intelligence officer Peter Wright has written that MI6 developed a scheme, approved by Eden, to assassinate Nasser, but neither of these books advances our knowledge of this plan.[3] Shimon Shamir, on the other hand, suggests that the U.S. Central Intelligence Agency functioned as virtually a "pro-Nasser lobby." CIA operatives advanced policies and argued positions that "clearly exceeded the boundaries of Washington's official policy." Such actions, Shamir notes, "could only nourish in Cairo expectations that could not be fulfilled and boost the kind of self-confidence that leads to a hard line" (L/O, p. 97).

Collectively, these two admirable volumes dispel a number of myths and misconceptions that have encrusted the Suez story. Contrary to Eden's subsequent claims,[4] the British were not caught by surprise by Washington's decision to withdraw its offer to help finance Egypt's Aswam Dam project, nor did they deplore the action. Far from being an anti-Western ideologue, Nasser looked to the West for arms and other support for several years after seizing power. Nor did Whitehall discourage him; the British initially viewed Nasser as someone with whom they could work. "[H]e is our best bet," a senior British diplomat judged in 1954 (L/O, p. 48). Only later did the portrait of a mortal enemy of all things British take hold. The Soviet threat to rain rockets upon London is also shown to have had virtually no impact on Britain's 6 November decision to accept UN demands for a ceasefire. American intelligence had already assured London that Moscow had neither the warheads nor the missiles to carry out its crude threat. Finally, these authors agree in dismissing the idea that Washington plotted to replace Eden with Harold Macmillan in the weeks following the crisis.

Indeed, there are few areas of genuine disagreement between these two books, or among the authors in the Louis/Owen. This may suggest that for all the controversy Suez occasioned in 1956, scholars are beginning to arrive at a general consensus as to its principal causes and consequences. These volumes should help in furthering that consensus.

Of course, many of the questions that were central in 1956 remain with us today. On what basis could Israel live in peace with its Arab neighbors and with what frontiers? Did not the Palestinians merit a

[3] Peter Wright, *Spycatcher: The Candid Autobiography of a Senior Intelligence Officer* (New York: Viking, 1987), 160.

[4] Anthony Eden, *Full Circle* (Boston: Houghton Mifflin, 1960), 470.

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homeland of their own, and if so, where? How could the security of western oil supplies be best insured? What role should Arab nationalism play within the Middle East? What would be the position of extraregional powers?

But in wrestling with these questions, the contemporary analyst must take care not only to be guided by the past, but to avoid misreading it. The tragic Eden has left us with an exemplary illustration of the dangers of drawing the wrong lessons from history. 1956 was not 1936, any more than Egypt was Germany, nor Nasser another Hitler (or Mussolini, as Eden more frequently claimed). As Mordechai Bar-On wisely reminds us, statesmen and nations can become prisoners of their pasts, leading to erroneous analogies and causing them to "rush into conclusions which doom them to repeat history in the wrong place and at the wrong time" (L/O, p. 159).

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# Book Reviews

**Boiling Point: Democrats, Republicans, and the Decline of Middle-Class Prosperity**
*by Kevin Phillips. New York, Random House, 1993. 307 pp. $23.00.*

Kevin Phillips's latest book is about the 1992 presidential campaign, but it is about much more than that. It documents the long-run erosion of the standard of living of the American middle class for at least the last generation. So, while it is about "the economy, stupid," it ranges beyond economic matters to the declining quality of public education, the time the middle class spends commuting, and the rising prices it pays for concerts and athletic events.

The Phillips message is not new. His own previous book, *The Politics of Rich and Poor*, developed it, and so have a number of other authors. But to my knowledge none of them treats the theme in as much detail and with as much historical perspective as does Phillips. Convinced that Great Powers rose when the middle class prospered, he goes back to sixteenth-century Spain, seventeenth-century Holland, and early twentieth-century England to chart the concomitant declines of great nations and their middle classes. Within the American experience he examines the roots of middle-class protest in turn-of-century populism and its reflowering in New Deal politics. Nor does he ignore the soak-the-middle policies of the Reagan and Bush administrations.

If the thesis is no longer new, the breadth and perspective, the sheer weight and authority of the Phillips treatment are new. He is a journalist and a popular political analyst, but he is a very serious one. The prose and tone of the book are much graver and better considered than most popular political commentaries. Little of the data or analysis is original; he draws instead on the works of experts and on newspaper and magazine reporting of both events and analysis. (New-fangled data bases or old-fangled clipping services?) All of it, however, is integrated into an exposition and argument that insults no one's intelligence.

More than half a year after the events of November 1992, however, it is terribly clear that organizing a middle-class majority to unseat a president is far easier than organizing middle-class majorities behind policy initiatives. And while Phillips touches the politics of middle-class reform only lightly, there is no doubt that he overstates the unity of middle-class Americans. Their reactions to pain may be similar, but their specific complaints and interests are not.



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Indeed, readers are largely left to ponder the political questions for themselves. Why did the middle class support presidents and policies so destructive of its well-being? How can it now organize to formulate policies that will reverse the decline of middle-class prosperity? At the root of the political problem, according to Phillips, are the "iron triangles," the hordes of lobbyists, the entrenched elites, the interest groups that overrun Washington. He ignores, however, the roots of the root of the problem: a very diverse and fragmented middle class, highly organized, even unyielding, in pursuing its interests or even a single issue. Certainly Phillips is not alone in his unwillingness to confront the origins of the problem in the American voters themselves. The great urge to avoid that confrontation may indeed be the best measure of their power in the American democracy.

So, we have here the definitive documentation of the Great Middle Class Complaint. We also have, implicitly, a study in the power of economic goals and ideas in American politics, whether they concern jobs or disposable income directly or the conditions that generate them. In the name of those goals we have abandoned much of the American tradition of progressive taxation, some parts of the welfare state, and some of the middle-class standard of living. It is certainly enough to humble any scholar of the merely political.

FRANK J. SORAUF
*University of Minnesota*

**The Elusive Balance: Power and Perceptions during the Cold War** *by William Curti Wohlforth. Ithaca, NY, Cornell University Press, 1993. 317 pp. Cloth, $39.50; paper, $16.95.*

The most successful part of this excessively ambitious volume is its empirical core—an investigation of how the Soviet political elite thought about the problem of power in world politics during the cold war. By carefully reading Soviet speeches and documents, as well as searching Soviet archives, the author skillfully depicts the evolution of the Soviet worldview from Stalin to Gorbachev.

The volume is also important because it validates the views of those international relations theorists who place stress on perceptions as a key factor in state behavior. Power is not simply an objective phenomenon. Much depends on how it is perceived. A great deal depends on how elites perceive their adversaries and the threats and opportunities facing them at any critical juncture.

Unfortunately, however, the more ambitious part of this exercise is not very successful. In trying to draw general lessons about balance of power politics from Soviet and American perceptions during the cold war, the author leaves us with pretty thin stuff about the "elusive nature" of the balance of power. We are left at the end with few new insights either into balance of power theory or into Soviet behavior during the cold war.

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Perhaps the biggest reason for this failure is the complete omission by the author of domestic and systemic sources of Soviet behavior. The word "totalitarianism" is not even in the index or the text. Stalin is sometimes treated as if he were interchangeable with Lord Palmerston. There are no references to the Great Purges, the Terror, the artificial cultivation of the cult of the external enemy in order to consolidate the dictatorship, the self-imposed isolation from external influences, the atmosphere of paranoia, etc. Many years ago, George Kennan wrote that Soviet behavior was "founded not in the realities of foreign antagonism but in the necessity of explaining away the maintenance of dictatorial authority at home." The author briefly mentions this stunning insight but then proceeds to ignore it.

In his quest to understand the conceptual framework of the former Soviet leaders, the author would have been well served to ponder the experience of another structurally similar state, the People's Republic of China. While Mao was alive, Chinese elite perceptions were remarkably similar to those of the Soviet leaders during the cold war. The stress was on the hostile nature of imperialism, the importance of class struggle, etc. But once the great Chinese despot died in 1976, his successors quickly adopted modernization as the principal goal of Chinese politics. This drastic change in domestic policy quickly led to equally drastic changes in foreign policy and in ideology. The new ideology stressed getting rich rather than getting involved in class struggle. And there was a new emphasis on trade and investment relations with the West and a breaking down of the self-imposed isolation.

The USSR never made such a change either under Stalin or Khrushchev. It was on the verge of doing so under Gorbachev when the Soviet Union collapsed. In sum, by ignoring the essential connection between domestic and foreign policy and perceptions, the author has omitted a crucial part of the story he is trying to explain.

DONALD S. ZAGORIA
*Hunter College*

**Presidency by Plebiscite: The Reagan-Bush Era in Institutional Perspective** *by Craig A. Rimmerman. Boulder, CO, Westview Press, 1993. 164 pp. $45.00.*

As Rimmerman points out in his introduction, his intention is to extend the work of Theodore Lowi by focusing on the presidencies of Ronald Reagan and George Bush. The book was completed while Bush was still in office. He begins by taking his reader on a brisk canter through familiar terrain—the creation of the presidency by the Framers and the rise of plebiscitary presidency—and then conducts us swiftly through the three chapters that are the main purpose of his journey. These describe and evaluate the political exploitation of values by

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Reagan and Bush, their handling of the administrative challenges confronting a modern president, and their bypassing of Congress in major foreign policy moves. Rimmerman ends by providing a critical evaluation of what we have seen and some words of guidance for the future.

The book is heavily documented. Anyone looking for a handy reference to recent writings on the presidency will find it in the footnotes. The argument, however, is somewhat diffuse at times. The plebiscitary presidency, it seems, has three main characteristics: "presidential power and legitimacy emanates [sic] from citizen support as measured through public opinion polls; in the absence of coherent political parties, presidents forge a distinct link to the masses through television; and structural barriers associated with the Madisonian governmental framework make it difficult for presidents to deliver on their policy promises to the citizenry" (p. 24). From his statement that "the plebiscitary presidency has been a key source of presidential power since 1933" (p. 39) I deduce that it originated with FDR. It appears, however, that the "administrative presidency" also originated with FDR, (p. 66). Drawing on the fine book of Jeffrey Tulis, Rimmerman further characterizes the office as the rhetorical presidency. In short, the plebiscitary presidency is also the administrative presidency plus the rhetorical presidency with some of the imperial presidency thrown in.

This mingling of presidencies invites one to wonder whether it is time to call a halt to characterizations of the office that strongly emphasize only one of its many aspects. In his classic work (which Rimmerman does not cite), Edward S. Corwin described the various tasks of the president: administrative chief, chief executive, organ of foreign relations, commander-in-chief in wartime, legislative leader. Essentially following Corwin's lead, later scholars sometimes described the various roles of the president. Perhaps all this became too hackneyed. Whatever the reason, it has become stylish to coin titles in which "presidency" is preceded by an adjective—imperial, rhetorical, and so on. Yet any characterization that emphasizes merely one aspect, however important, oversimplifies the complexity of the presidency and to that extent is misleading. In order to accommodate some of this complexity Rimmerman is compelled to describe the plebiscitary presidency as consisting of all the other presidencies as well. I notice, too, that he reverts to "roles" in describing the president as "head of the nation" and as "political leader." The result is a somewhat confusing and not highly enlightening melange. A suggestion: if the term "role" is too trite, could we perhaps settle for "aspects of the presidency"?

A further difficulty with Rimmerman's description is its dependence on empirical assumptions for which he provides little or no empirical evidence. Nearly every recent observer agrees that political parties have declined as electoral organizations; yet several studies argue that in Congress the parties are as strong as they have been for many decades, if not stronger. Indeed, party line voting in Bill Clinton's first year approached European levels of party unity. And where is the evidence for the heightened citizen expectations associated with the plebiscitary presidency?

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What audience this book is intended for is unclear. I doubt whether scholars interested in the presidency will learn much from it. Because recent history is sometimes a wasteland for undergraduates, the book may be intended for them. However, in its emphasis on pedagogical strategy, the final chapter is directed principally to their teachers.

ROBERT A. DAHL
*Yale University*

**Chester Bowles: New Dealer in the Cold War** *by Howard B. Schaffer. Cambridge, MA, Harvard University Press, 1993. 387 pp. $29.95.*

This admirable book is an account of Chester Bowles's achievements and frustrations in the field of foreign affairs. Bowles's earlier years in advertising, the America First Committee, the Office of Price Administration, and the governor's office in Connecticut receive intelligent but compressed treatment. Then the author settles down for a thorough and thoughtful discussion of Bowles's life from 1951, when he first went as ambassador to India, to 1969 when he finished his second assignment to New Delhi.

Howard Shaffer is a retired foreign service officer who served with Bowles in India and later himself became ambassador to Bangladesh. He thus benefits from personal acquaintance with Bowles, with South Asia, and with the Department of State; and he uses these assets to excellent advantage. He appreciates Bowles's abilities as a champion of liberal idealism in foreign policy, as an advocate for the Third World, as a picker of talented associates, and as an uncommonly decent, likable, and generous-hearted man. He also is candid about Bowles's failings—his naive optimism, his weakness for prolix and cosmic speculation, his lack of self-knowledge. He draws a sympathetic and honest portrait of an honorable man.

The first tour of duty in India was the most fulfilling part of Bowles's international career. When Dwight Eisenhower declined to extend his term in New Delhi, Bowles went home, wrote a good deal about foreign policy, and after election to Congress in 1958 won the unusual assignment for a freshman of a seat on the House Foreign Affairs Committee.

An early and loyal John Kennedy backer, he hoped that Kennedy's election in 1960 might bring him the secretaryship of State. It brought him instead the undersecretaryship. Here Bowles was superb in recruiting personnel but less successful in managing the department. When Kennedy came to feel that the department was not working right, he replaced Bowles with the more incisive George Ball and made Bowles his special representative and adviser for Third World affairs.

Bowles soon discovered that this new appointment lacked substance. Kennedy then in 1963 offered the ambassadorship to New Delhi, which Bowles, after

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some hesitation, accepted. Over the next six years Bowles managed the U.S.–India relationship as well as could be expected in messy post-Nehru, post-Kennedy times, shadowed by the Vietnam war and, for Bowles himself, complicated by the onset of Parkinson's disease. He found Lyndon Johnson considerably less supportive on Indian matters than Kennedy, and his second Indian term was distinctly less satisfying than the first.

The question arises why a man of Bowles's talents and aspirations was not more successful in the United States government. His trouble in the Kennedy years was more stylistic than substantive. He and Kennedy differed little on the kind of world they wanted, but Kennedy felt that in discussing problems it took Bowles too long to get to the point and that his proposals were too often unrealistic. George Ball called Bowles "too noble for life in the bureaucratic jungle" (p. 330). Even Adlai Stevenson, his old friend from days at Choate, once said, "I always go along with Chet up to a point; then he becomes too soft and sentimental for me; and he always ends up with the implication that the solution lies in spending more money" (p. 137).

Shaffer's subtitle—New Dealer in the Cold War—suggests that Bowles's difficulties sprang from the gap between two liberal generations. But there was surely more to it than that. The contrast between Bowles and Averell Harriman is instructive. They were friends and allies who agreed on nearly all issues. Both had worked closely with Franklin Roosevelt. Harriman was a decade older than Bowles and a good deal deafer. Yet Harriman rose in the Kennedy years as Bowles sank. Both were New Dealers in the cold war, but Harriman was a succinct realist with an instinct for power, and Bowles was an optimistic visionary who too often seemed to feel that spacious formulations could solve recalcitrant problems. In any event, we may be grateful to Shaffer for a just and valuable book.

ARTHUR SCHLESINGER, JR
*City University of New York*

**Rethinking the Progressive Agenda: The Reform of the American Regulatory State** *by Susan Rose-Ackerman. New York, The Free Press, 1992. 320 pp. Cloth, $24.95; paper, $14.95.*

"Is a progressive public agenda that combines active government and free markets possible?" asks the flap of Rose-Ackerman's book. The author's answer, of course, is "yes." The combination of commitment to active government and to the establishment or maintenance of market processes wherever possible is not far from the way the original progressives used the term. But my hunch is that this eminently reasonable synthesis lacks a critical mass now. It will be a hard sell to the present generation of mature and powerful political activists and academics, who will hang on to their old liberal and conservative positions.

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James Pinkerton's voucher welfare state didn't get very far in the Reagan administration, and liberal Democrats accepted the marketing of pollution rights only because it bought off midwestern utilities and made the 1990 Clean Air Act possible. (The latter example suggests that the most reliable route to Rose-Ackerman's progressive synthesis may be divided government rather than the reformulated judicial activism she endorses.)

The book runs through the familiar indictment of the Reagan administration on charges of intellectual bankruptcy. In its simple minded pursuit of deregulation, the federal government in the 1980s "hobbled itself by cutbacks in regulatory budgets and personnel" and was "unable to respond expeditiously to business calls for clarity and uniformity" (p. 156). As national regulation stalled, states took up the slack, and many large firms that had made investments in compliance now saw their laggard competitors rewarded and faced scores of divergent state standards. The administration also failed to realize that effective deregulation may require new regulation and oversight—like strong antitrust enforcement, graduated bank deposit insurance, and more attention to airline safety and allocation of landing rights. Its approach was crude, visionless, and often riddled with contradictions. There was rhetorical endorsement of a revived federalism, but the main effect was to destroy institutional capacity at the national level without a countervailing effort to strengthen the institutions or prerogatives of lower level governments. Federal government activities were handed off to private contractors under little supervision, or to state and local governments constrained by tax revolts and free rider effects that discouraged tough regulation and expanded social services. These disincentives may well have been anticipated by the Reaganites and served conservative purposes. However, the Republican failure to develop a coherent intellectual approach to deregulation and encode it in new statutes produced little genuine regulatory reform and some notable disasters.

The necessary intellectual coherence cannot come, Rose-Ackerman contends, from the Chicago wing of the law and economics fraternities, because it makes too little use of economic analysis and rational choice models and is guided by a narrow reliance on common law principles. An alternative progressive analysis offers a much broader framework, she argues, for a critique of regulation.

Though Rose-Ackerman provides a useful sampling of the literature on regulatory effectiveness, very little attention is given to political science literature. Two twenty-year-old popular works on Congress—by authors who have done much more important work before and since—are virtually the only books used for generalizations on the national legislature. In analyzing the pathologies that ensue from vague, standardless statutes, she unaccountably ignores Theodore Lowi, who pioneered this critique in the late 1960s and was the intellectual godfather of the revival of statutory specificity by the resurgent Congress of the 1970s.

The most problematic aspect of the book is the mechanism Rose-Ackerman champions to give us regulatory reasonableness. As one might expect from a law professor who takes a dim view of Congress, she seeks salvation in the courts.

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Judges must embark on a new, but not substantively tainted activism. They should strike down statutes that are internally inconsistent, that do not begin with a clear preamble setting out coherent goals, or which are not accompanied by sufficient appropriations to achieve their missions. The latter criterion, in particular, entails an enormous discretionary power. The amount of money necessary to meet a particular goal is a subject on which reasonable people may disagree. A modest appropriation may be a part of a political compromise or reflect a temporary stringency. It should not be up to unelected judges to repeal a statute simply on the grounds that in the court's opinion Congress has appropriated too little money for an effective program in a given year.

It seems, I am relieved to note, unlikely that the federal judiciary will agree to adopt these criteria as the focus of judicial review. One is reminded again of Theodore Lowi's admonition to the courts to strike down the vague statutes that, in fact, empower both judges and administrators. The personal and institutional powers that accrue to judges under the present arrangements mitigate against their following Rose-Ackerman's advice, as a student of rational choice should recognize.

ELIZABETH SANDERS
*Cornell University*

**Strange Bedfellows: How Television and the Presidential Candidates Changed American Politics, 1992** *by Tom Rosenstiel. New York, Hyperion, 1993. 368 pp. $24.95.*

It seems odd that an experienced political journalist like Tom Rosenstiel, media and political correspondent for the *Los Angeles Times*, would call television and presidential candidates "Strange Bedfellows" in the 1992 campaign. Media and candidates have been sharing the publicity bed for decades, albeit in a rather contentious relationship. The 1992 campaign, as reported by Rosenstiel, added some new scenarios to the perennial battles, but the objectives of the engagement remained unchanged.

Rosenstiel observed the campaign from the vantage point of the ABC news division, where he was privy over an entire year to the many decisions that go into shaping campaign news coverage. He reports that the major television networks early on decided that the campaign was likely to be dull, because George Bush seemed an assured winner. For this reason, as well as to stay within a sharply cut budget, they staffed it lightly. When the political landscape changed during the primary season, they were forced to alter their strategy. Since politics, like nature, abhors a vacuum, the new media—talk shows like *Larry King Live, Arsenio Hall, Phil Donahue* and MTV—had taken over by then.

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Besides a change in program type, this also amounted to a change of tone and format. Talk shows allowed audiences to ask questions, either through the host or directly in the call-in format. These questions were different from those asked by the mainstream national media in substance as well as in tone. The prosecutor format and the gotcha-gotcha tone were muted. Instead, most questions were respectful. Candidates were allowed more time to answer, using their own words and style, without having their words and motivations interpreted by often hostile reporters and anchors. The candidates and their public relations counsellors loved the changed environment, which restored them to almost full control over their public images.

To mark out a new niche for themselves—that would set them apart from the talk shows, the tabloid press, and the largely unedited news from CNN and C-SPAN—the national media including the networks decided to emphasize analysis rather than merely factual reporting. Where the tone of the alternative media was generally light and supportive in 1992, the tone of the regular media was more often cynical and critical. All politicians were pictured as a dishonest, scheming lot, willing to make a Faustian bargain that would trade honesty and integrity for a chance to win the election.

Rosenstiel gives the reader a graphic, warts-and-all insider's account of how major campaign events were used as raw materials for new stories. It is a sometimes absorbing, sometimes tedious tale of internal network politics played by a diverse cast of characters. It is also a who-done-it account of scheming by media and by the candidates, each wanting to be the leading partner in their political waltz. The prose is lively, nonacademic, uncluttered by footnotes, even for quotes. Besides the close focus on 1992 campaign strategies and events, Rosenstiel provides some interesting historical depth. Examples are his brief account of the rise of talk-show politics and his comparisons between 1992 and earlier campaigns.

Does the talk-show politics format that flourished in 1992 represent a desirable democratizing of politics by bringing voters and candidates into more direct contact, sans the intrusion of journalists with their own agendas? Or does it represent a cheapening of political discourse, moving it from serious analysis to superficial demagoguery? Regrettably, Rosenstiel does not explicitly answer this profound question raised by his account. However, he does suggest that the answer may be yes to both queries by recommending that the mainstream media should become more audience sensitive and more zealous in providing far better election information than is purveyed by the likes of Phil Donahue, Arsenio Hall, and Larry King.

DORIS A. GRABER
*University of Illinois at Chicago*

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**Political Tolerance and American Democracy** *by John L. Sullivan, James Piereson, and George E. Marcus. Chicago, University of Chicago Press, 1993. 278 pp. Paper, $14.95.*

When colleagues in other sciences deplore what they perceive to be a lack of continuity and cumulation in the work of social scientists, one may point to this volume as a highly successful exercise in the study of tolerance and its relation to American society that stands on the shoulders of earlier work. The three authors start out with a critical account of the work of Samuel Stouffer, who published his pathbreaking study of the subject, *Communism, Conformity, and Civil Liberties*, in 1955. A number of other studies of political tolerance in American have been published since, but the authors show that most of them followed closely in Stouffer's footsteps. The present volume, on the other hand, though properly appreciative of Stouffer's pioneering work, shows a significant advance in our knowledge of the subject and moves a giant step beyond earlier formulations.

Based on the careful and sophisticated analysis of a national sample, the authors find that on the aggregate level tolerance has not increased since the Stouffer volume was published and is in fact still low. But on individual levels and for individual respondents, considerable variations of tolerance persist.

One of Stouffer's major findings was that tolerance increased within the level of education. The present study, to give just one example, is rather skeptical of this general finding. In fact, the authors find that the path between education and tolerance may indeed show increases in tolerance, but because of the number of intervening variables "the prospect for substantial increases cannot be very great" (p. 258). While the spread of formal education may influence various intervening variables, these changes may only marginally increase the general level of tolerance of the population.

In general, the authors' conceptualization of political tolerance shows much weaker correlations between tolerance and various measures of social status as found by Stouffer. Relationships between tolerance and income, occupational status and subjective social class, turn out to be weak even though it is indeed the case that those who are very high on each of these variables are significantly more tolerant than the rest of the respondents.

There is only room for depicting one of the many significant findings in this volume. The thread of the tyranny of the majority presupposes, of course, that the majority agrees on a specific target of oppression. The authors' findings reveal, however, that with one exception, there is no evidence to support the prediction that specific groups are more likely than the sample as a whole to agree on a target of intolerance or a scapegoat. The one exception is the overwhelming selection of the Ku Klux Klan by blacks.

The authors argue persuasively that the diversity of targets across various social and geographical groups undercuts any cohesive movement against specific groups, so that, while intolerance is more widespread than one might have ex-

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pected on the basis of Stouffer's findings, it remains unfocused, or to use a fine label of the authors, a case of "pluralistic intolerance."

LEWIS A. COSER
*Boston College*

**One Nation Under God: Religion in Contemporary American Society** *by Barry A. Kosmin and Seymor P. Lachman. New York, Harmony Books, 1993. 312 pp. $25.00.*

The National Survey of Religious Identification (NSRI) was an attempt to make up for the failure of the United States Census to consider religious affiliation since 1957. The researchers purchased time on a telephone market survey for 113 rounds (two a week) to ask their question of religious identification, thus obtaining a large data base of 113,000 respondents from which to make estimates of the religious distribution of the American people. One has to admire the ingenuity of the scheme—elegant and simple.

The most important question to be asked of this effort is what increment in our knowledge of American religion it adds to pooled samples from various surveys such as the Michigan election surveys or National Opinion Research Center (NORC) General Social Survey (GSS), which now approaches thirty thousand respondents interviewed since 1972.

The most important contribution of the NSRI is to provide a religious breakdown state by state, which the GSS is forbidden to attempt and which, were it possible, would be much more problematic with only about one-fourth as many cases as the NSRI. Second, one is wisely suspicious of GSS pooled estimates of religious groups of less than two percent of the population. The NSRI can make estimates in which one can have some confidence down to 0.8 percent (based on 720 Jehovah's Witnesses). However, this capability adds only the Witnesses and the Mormons (1.4 percent) and the Disciples of Christ (1 percent) to the nine denomination groupings on which estimates can be made from the GSS (and which differ very little from the NSRI estimates). Moreover, since intradenominational groupings were not permitted in the survey, the NSRI can make no estimates about the second largest denomination in America, the Southern Baptist Convention to which, according to the GSS, almost one out of ten Americans belongs.

Another positive contribution of the NSRI is to refute the media-generated claim of a surge in Islamic and other Asian groups in the United States. Only 300 respondents (0.3 percent) were Muslim, 256 (0.2 percent) Buddhist, and 142 (0.1 percent) Hindu. For all the attention paid to New Age groups by the media, only twelve respondents claimed such affiliation and only six Wiccan.

Such contributions are modest but not trivial, especially not the state-by-state tabulations. However, the authors were not content with such efforts. They

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attempted to build a comprehensive portrait of American religion past and present around their data. The results are embarrassing. In the breathless style of weekly newsmagazine journalism, they present with sweeping strokes an oversimplified and frequently erroneous picture of the history, politics, and culture of American religion, often ignoring the work of serious scholars who have spent their careers specializing in such matters. Thus they are unaware, it would seem, of the important work done on the crucial Second Great Awakening (early 1800s) by Jon Butler and Alden Hatch. They seem confused on page 35 as to whether Archbishop John Hughes or Archbishop John Ireland founded the Catholic school system in the United States. (Ireland in fact tried to do without parochial schools). They frequently cite NORC data but do not refer to the specific surveys or to the researchers who reported the findings. They allude to my own work of two decades ago on Irish Protestants (of whom there are more than Irish Catholics) but ignore my more recent essays that report the similarities as well as the differences between the two groups. They seem unaware of Paul Johnson's important work on religious intermarriage.

In short, the authors bit off more than they could chew. They did not have either the time or the resources to present the comprehensive study of "religion in contemporary American society" that they promise in their title. Despite its useful contributions, the book must be rated a disappointment.

ANDREW GREELEY
*The University of Chicago*

**Cleaning up the Mess: Implementation Strategies in Superfund** *by Thomas W. Church and Robert T. Nakamura. Washington, DC, The Brookings Institution, 1993. 209 pp. Cloth, $34.95; paper, $14.95.*

*Cleaning up the Mess* is an excellent description and analysis of the Environmental Protection Agency's (EPA) effort to implement the superfund toxic waste clean-up program. It is an important contribution to the literature of environmental policy and management. The book develops a typology of the three major approaches used by EPA to foster long-term remediation of hazardous waste sites: aggressive prosecution of waste dumpers; accommodation with waste dumpers resulting in a negotiated private (or public-private) funded clean-up; government-funded and conducted clean-up, a public works approach.

The authors note that certain EPA regional offices were known for their tendency to follow one of these three approaches. They present richly detailed case studies from three regions to illustrate these institutional tendencies. The cases provide the reader with a real feel for the rationale behind the three approaches. In the prosecutorial model, we see EPA lawyers viewing the private sector as evil polluters of the planet. In the public works model we note the dominance

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of environmental engineers who seek to keep lawyers in the background as they move quickly to prevent the spread of pollution. When I worked in EPA at the start of the superfund program, we called that "shovels first and lawyers later." The cases enhance the reader's understanding of these admittedly ideal types and lead the reader to the inescapable conclusion the authors present in their concluding chapter: the approach used to implement waste clean-up should vary by the type of clean-up. Clean-up type varies by ecological, economic, political, and social conditions.

The authors come to the same conclusion that Sheldon Kamieniecki and I came to in our book, *Environmental Regulation through Strategic Planning*. The aim of environmental regulation is a set of beneficial behaviors among the regulated community. Government should utilize its full array of tools—authority, technical expertise, publicity, and funding—to influence the behavior of the regulated community. Where the regulated community is incapable of the desired behaviors, government funding (public works) may be necessary.

One of the book's great strengths is its focus on the effect of organizational culture, professional ideology, and standard operating procedures on the behavior of those agencies implementing regulatory programs. Where the approach to implementation is dominated by a single profession and its ideology, the regulatory tool box is dominated by the tools possessed by the profession. This limits the options available to influence the behavior of regulated parties and necessarily limits the probability of success. Perhaps the most important contribution that *Cleaning up the Mess* makes to the field of applied public policy research is that it provides detailed case studies that illustrate this critical point. The book does an excellent job of developing a practical but comprehensive conceptual framework. It should be read by scholars of regulation, environmental policy, and public policy. Environmental practitioners would also benefit from a close examination of this very readable work.

STEVEN COHEN
*Columbia University*

**Shelter Poverty: New Ideas on Housing Affordability** *by Michael E. Stone. Philadelphia, Temple University Press, 1993. 352 pp. Cloth, $49.95; paper, $19.95.*

Over the last two decades, the cost of housing has skyrocketed and correspondingly the opportunity of home ownership has declined for many Americans. At the same time, the number of families and individuals living doubled and tripled up or lapsing into homelessness has become more pronounced than ever before. In response, Michael Stone explores the critical issue of affordable housing and proposes solutions in his latest book, *Shelter Poverty*. He begins by tracing the

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history of housing since World War II and argues that the mechanisms to secure housing available to earlier generations have all but disappeared by the 1990s. To support this argument, Stone develops a measure termed shelter poverty, with which he quantitatively demonstrates the gap between income levels and the cost of housing today. Shelter poverty is indicated in part by distinctions between middle-class suburban housing—subsidized by tax deductible interest payments—and less desirable, lower standard urban housing, which has become more costly. The latter has, for less fortunate individuals and families, pitted the purchase of shelter against essentials such as food and clothing. However, while Stone's discussion is both shocking and informative, up to this point he provides few original insights. It is when he offers solutions to remedy the disparities of housing that the book comes to life.

Stone presumptuously grounds his argument on the Fourteenth Amendment of the Constitution, which he claims supports housing as a right. More realistically, Stone's argument that housing is a right is drawn from the right to shelter principle as it has been applied to the homeless population. Specifically, throughout the 1980s a number of court actions (many of which were fought in New York City and State courts) resulted in consent decrees whereby government was mandated to insure emergency shelter upon demand to all in need. Stone considers this the first step in the process of making affordable housing a right. However, this first step is also a shaky step. Many cities including Washington, DC and Philadelphia have reversed the homeless right to shelter decree after having experienced a litany of unanticipated problems. The severity of these problems, too involved to discuss here, remains serious enough to have withstood numerous court challenges to have the consent decree reinstituted.

Ignoring the ramifications of this constitutional assumption (not to mention its questionable validity) Stone predicts that it is only a matter of time before the fight for affordable housing will achieve the same distinction as the emancipation of slavery and the women's suffrage and civil rights movements in America. From his perspective as a grass roots community and political activist, Stone proposes a detailed plan for ameliorating shelter poverty, the components of which range from the acquisition of private property by eminent domain when landlords refuse to sell to the provision of direct government grants for the construction of housing. The objective of this strategy is to turn these properties—acquired through tax dollars—over to communities of families and individuals free of any mortgage and debt service. Stone assumes this new category of property owners would thus have a vested interest in their acquisition and would proudly maintain the value of their property. He further concludes that only through such a strategy will we be on our way to resolving the affordable housing crisis in America.

Not only are Stone's proposals a radical departure from this nation's past housing policies and practices, but they are also inherently flawed in a number

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of ways. They take on an economic perspective as they essentially call for direct government intervention to correct for market imperfections and barriers to entry. However, he overlooks the fact that government is already an active player in the housing arena. The federal government does support public housing through a heavy dose of rent subsidies. It also funds the operating costs and debt service of many privately managed public housing projects. Municipal and state governments also legislate rent control and stabilization programs to keep housing costs in check and enforce strict housing codes to insure physical safety. Moreover, a far-reaching government bureaucracy exists to guarantee equal and nondiscriminatory access to housing.

One particularly striking shortcoming of *Shelter Poverty* is Stone's failure to acknowledge historical examples of government experimentation with the development of affordable housing subsequently turned over to community groups to operate. New York City has spent a decade developing such projects through the Department of Housing, Preservation, and Development's Special Initiatives Program. At the cost of only one dollar, the city has transferred the operation of numerous housing projects with a large number of units to community groups or nonprofit organizations. The results of this experiment have been mixed. Experience shows that although well intentioned, the operation and financial stability of such endeavors have not been achievable without a large infusion of additional government funds; and many times, because of tenant problems, the return of the property to government management has been unavoidable.

More fundamentally, I am afraid that Stone's support of a new entitlement program for housing is, at least for now, entirely foreign to the American political and social system. The constitution guarantees the right to life, liberty, and property; these guarantees will never likely reach the level of Stone's interpretation. The idea of taking property from those who have and redistributing it to those who have not is not what this nation's Founders envisioned in the Constitution's protection of rights. I also believe Stone's redistributive proposals will find little support among this nation's taxpayers, who would have to finance such an endeavor.

Although Stone's work is an interesting addition to the current literature on housing and poverty, it is far too radical to have much of an impact as a serious solution to one of the many complex social issues facing our nation today. In short, housing is not a right; it is a necessity similar to transportation and employment; yet none of these are guaranteed by the Constitution. *Shelter Poverty* will be welcomed by those who advocate for more low-income housing in America, but it is of little use to those who need a practical mechanism with which to bring it about.

RALPH DA COSTA NUNEZ
*Columbia University*

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**Immigrants and the American City** *by Thomas Muller. New York, New York University Press, 1993. 372 pp. $30.00.*

Using history and current research, Thomas Muller argues that immigration has positive effects upon the United States, particularly economically. While his case has merit, this book contains too many errors, loose writing, and curious reasoning to convince this reviewer. It is not possible to indicate all the problems; a few examples will have to suffice.

First, Muller's discussion of immigration before World War II is flawed. The Progressives held various views on immigration and not simply the restrictionist attitudes Muller implies. Moreover, in discussing the immigration restrictions of the 1920s, he says the law was based on the population of each nationality according to the 1890 census. The 1890 date was based on the *foreign born* of each nationality and was only a temporary provision, as was another stopgap measure using 1910. The final date, which went into effect in 1929, was 1920. Then it was based on the population of each nationality of that year, which made the law slightly more liberal than using the foreign born of each nationality in 1890. He repeats the error (p. 48) when saying the 1965 act abolished the 1890 date. Another error appears in his discussion of the 1965 immigration act. He mentions that employers were not to be penalized for hiring undocumented aliens. Actually, this provision, called the Texas Proviso, first appeared in the McCarran-Walter Act of 1952.

Muller says (p. 49) that the 1965 law did not have an impact upon the numbers coming from the Americas. But of course it did. Congress had to pass special legislation in 1966, for example, to admit large numbers of Cuban refugees. There is a huge backlog of persons awaiting visas in Mexico and some other nations in the Americas, who would no doubt emigrate but cannot do so because of limits imposed by the 1965 act.

Perhaps a more serious problem of this book is the contention that immigration, for the most part, does not have an adverse effect upon black Americans. At times Muller recognizes the limits of his own argument and seems to contradict his very assumptions. On page 298, for example, he insists that "there was no validity to the contention that black progress was impeded directly by mass immigration." But his next sentence refutes that statement, when he says that the presence of so many alien workers "slowed the inevitable black exodus from the rural South to northern cities." Clearly, blacks made major gains in education, employment, and health when they left the poverty of the rural South for the North, and they were able to do this only when immigration fell drastically, such as during World War I and the 1940s. Then desperate employers sought their labor.

An example of loose writing occurs on p. 67, when he discusses the Immigration Act of 1990. In a paragraph summarizing the bill he says, "the bill guaranteed Europeans about one-third of all visas." But that was not true of the new law.

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What he should have said was that the diversity provisions guaranteed the Irish one-third of the visas for a three-year period.

Economics is at the crux of much of Muller's argument. He says that gateway cities, like New York and Los Angeles, with high immigration populations, have enjoyed better economic health than the nation generally and fared considerably better than cities like depressed Detroit. Apart from the fact that blacks and Puerto Ricans in New York City have done poorly in recent years, it would be interesting to compare some nongateway cities like Minneapolis or Portland or smaller Burlington, Vermont, to Detroit. As job shortages, one example will suffice. Has there really been a nursing shortage? For many years we have imported foreign nurses while American educational institutions turned out nurses who did not practice their craft. Then wages were raised for nurses, and suddenly hospitals found that many American nurses were applying for positions. In the last few years, American-educated nurses are having difficulties finding jobs in their fields. One wonders just how wages affect other shortages.

As one who shares Muller's belief in a generous immigration policy, this reviewer is concerned with the economic implications of immigration. Surely we should not be using immigration to solve labor shortages without making a major effort to educate and employ those Americans who are left out. If we are going to make the case for general immigration, it will have to be made better than Thomas Muller does.

DAVID R. REIMERS
*New York University*

**Regulating Unfair Trade: Assessing Efforts to Level the International Playing Field** *by Pietro S. Nivola. Washington, DC, The Brookings Institution, 1993. 190 pp. Cloth, $31.95; paper, $12.95.*

In the United States, the 1980s witnessed a sharp rise in complaints about international competitors who employed predatory pricing or whose governments subsidized exports or protected home markets. Both the Congress and the White House responded by intensifying government efforts to create a level playing field for American producers. Nivola's book seeks to explain not only the increase in trade regulation but also its almost exclusive focus on curtailing "unfair" trade. It also sets out to challenge the conventional wisdom about interbranch trade politics by contending that both Congress and the executive have greatly contributed to the surge in trade regulation.

Marshalling impressive empirical evidence, Nivola argues that the prevailing explanations for the increase in restrictive trade regulation in the 1980s are inadequate. It was not due to worsening abuses in the international trading community; foreign trading practices were not more unfair nor was the global trading system

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more restrictive than previously. Economic explanations focusing on business cycles, productivity growth, and current account deficits are also incomplete. True, tough import competition might have intensified calls for relief; but it cannot explain the extent of the increase nor the form of the demands for remediation.

Nivola contends that U.S. regulatory efforts expanded dramatically because producers devised a strategy for obtaining protection that appealed to Americans' intuitive sense of justice and did not give the appearance of special pleading or crass protection. Increasingly, U.S. producers sought and obtained relief on the grounds that they were the victims of foreign competition that was not only injurious, but unjust. (Nivola recognizes that American producers had some legitimate complaints.) As long as the U.S. economy remained more open than others, this tack could find sympathetic ears among both the populace and government leaders at home and abroad. Nivola might have strengthened his analysis of the politics of unfair trade regulation by also examining another period of American history when policy makers relied upon fair trade legislation to help manage international commerce, the pre-1934 era.

Nivola claims the net result of unfair trade regulation has been to improve profits and employment in some sectors while leading to an overall decrease in U.S. social welfare. Thus, his view of unfair trade regulation coincides with the George T. Stigler/Sam Peltzman theory: economic regulation benefits well organized producer interests at the expense of less organized groups such as consumers. Nivola's contribution is that he shows how the focus on fairness legitimized petitioner demands and made it easier for politicians to attend to them. In fact, it provided politicians with an attractive and defensible means of dispensing government benefits at a time when other means of delivering goods to private groups had been curtailed, because of tax reform, budgetary austerity, and deregulation.

A strength of the book is that it provides a more nuanced picture of the complex political interactions between the White House, Congress, and regulatory agencies in trade policy formulation and implementation. Nivola contends that the traditional view of U.S. policy making that posits a free-trade president fighting to keep a protectionist Congress in check is overly simplistic. His in-depth, convincing analysis of key trade cases and legislation suggests that both branches have mixed motives and have contributed to the rise of unfair trade regulation. Furthermore, he claims regulatory agencies have not been able to contain trade disputes within a depoliticized, neutral bureaucracy. Petitions for relief have increasingly slipped out into the spotlight of partisan national politics, gathering intensity as they did.

Nivola contends that the proliferation of unfair trade regulation has had several ill effects. The most important has been to discourage policy makers from taking the steps necessary to improve American standards of living and competitiveness. This is because politically it is much easier to adopt ad hoc trade measures than to remedy the real sources of weakness in the American economy. Unfortunately,

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since trade measures are supposed to cure a variety of ills, there are bound to be disappointments and demands for further regulation. In addition to the usual macroeconomic policy recommendations (increase savings), Nivola urges policy makers to focus their attention on improving worker training, creating a less adversarial regulatory environment, and cutting health care costs.

All told, this book is an excellent addition to the literature on U.S. trade regulation. Although the book does not make a significant contribution to the theoretical literature on regulatory or trade policy, it adds to our understanding of how groups seeking regulation may attempt to package their demands so that they are more palatable to the public and politicians. It also presents a more nuanced and accurate view of the complex interactions among the various government officials concerned with trade issues.

ARVID LUKAUSKAS
*Columbia University*

**The Last Cacique: Leadership and Politics in a Puerto Rican City** *by Jorge Heine. Pittsburgh, University of Pittsburgh Press, 1993. 310 pp. $49.95.*

This is a case study of one of Puerto Rico's most successful mayors. Benjamin Cole was elected mayor of Mayaguez, one of the island's sixty-six municipalities, for consecutive four-year terms between 1968 and 1992. He died in January 1993 after his defeat in November 1992 for a seventh term. The mayor's success is reflected in his continual electoral victories even during periods when his party, the Partido Democratico Popular (PDP), was defeated by the rival Nuevo Partido Progresista (NPP) at the gubernatorial level in Puerto Rico.

The author investigates the reasons for the mayor's success. Several factors are identified: the political and administrative style utilized by Mayor Cole, his relationships with rivals and economic elites, the mayoral agenda, the political symbolism used by the mayor, and the utilization of public resources to strengthen political alliances. Mayor Cole used a highly personal style of administrative leadership in Mayaguez, choosing to be involved in even the minutiae of government activities. He also utilized public funds as patronage to keep his base of influence among voters and to reward selectively political allies. The author describes the development of several public projects that were used by the mayor to help keep power in Mayaguez. But Cole was also a master of political symbolism, using it to maintain his popularity in the poor sections of the municipality.

Mayor Cole cannot be analyzed accurately solely within the tradition of the *procerato* (great men) approach to Puerto Rican history, or even *personalismo* utilized by several scholars to explain the political effectiveness and popularity of many Puerto Rican leaders on the basis of personal loyalty. Instead, the author utilizes the concept of political entrepreneur to describe how Cole used

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his popularity with voters in the poorer sections of Mayaguez, as well as federal programs and political punishment of enemies to maintain a hold on the mayoralty, even during periods when his rival party, the NPP, had control of La Fortaleza, the governor's mansion.

A major query of this study, with implications for the study of urban politics in the United States, is whether federal funds in Puerto Rico have short-circuited traditional political patronage patterns within a government system that is hypercentralized, according to the author. It seems that the case of Cole is unique compared to other mayors in Puerto Rico, in that he was able to use federal funds to expand his own political entrepreneurship, regardless of which party was in power. However, the author points out that this development did not necessarily translate into greater substantive benefits for the poor and working-class sectors of Mayaguez, which formed a strong part of the mayor's electoral foundation.

While reading this book, two other major books on urban leaders come to mind: Robert A. Caro's *The Power Broker* (1974) describing the political life of Robert Moses in New York State, and Wilbur C. Rich's biography of Mayor Coleman Young, *Coleman Young and Detroit Politics* (1989). Although the author claims that Cole was very similar to former Mayor Richard Daley of Chicago, Cole seems more of a cross between Robert Moses in his use of public resources, especially parks and highways, to build a personal power base, and the former Mayor Coleman Young in his use of us-against-them symbolism to maintain loyalty among poor and working-class black voters.

This short and limited review does a major injustice to the rich political detail and gossip included in this book. It reflects careful research based on interviews, much data, and observations. Despite this, there is one minor weakness reflected throughout the book—too much repetition in the description of events and in points being proposed by the author. This weakness, however, does not diminish the book's significance and the creative approach utilized by the author in initiating and completing this case study of mayoral leadership.

JAMES JENNINGS
*University of Massachusetts at Boston*

**American Politics in the Early Republic: The New Nation in Crisis** *by James Roger Sharp. New Haven, Yale University Press, 1993. 365 pp. $30.00.*

To those who study American politics, there is an undeniable attraction in the story of the first three administrations. For here is the beginning of it all, the testing of the proposition whether government from reflection and choice was possible. Everyone at the time understood that the Constitution was an experiment—how could it not be?—but none of the Founders anticipated just how

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close that experiment would come to failing. Calling the first twelve years "a critical era in American history equivalent to that of the Civil War" (p. 1), James Roger Sharp sets out to remind us that a successful outcome was by no means assured.

Sharp has arranged his work in three parts, and his themes are captured by the titles he gives them: "the breakdown of elite consensus, 1789 to 1792"; "the polarization of the elite, 1792 to 1798"; and "the crisis of the union, 1798 to 1801." Within each part, individual chapters treat the major stages in this progression from consensus to crisis. Crisply and economically, the work builds toward 1798–1801, which receives—appropriately, given Sharp's themes—a more thorough treatment than the nine preceding years. If there are few surprises along the way, the story is, on the whole, effectively told. This is a work of synthesis, not a detailed reexamination.

Less interested than some scholars of the period in ideology—he concludes that classical republican notions were dominant but did not exclude "the pluralist individualism of liberal republicanism" (p. 3)—Sharp keeps his eyes focused on the individual participants at the federal level—above all Washington, Hamilton, Jefferson, Madison, and Adams—and the interests they embodied. Given the rapidly diverging perspectives of the key participants, the coalition that secured the Constitution could not last, and so the question became whether and how a new resolution could be achieved. 1800–1801 produced one, in the form of a "Republican hegemony" (p. 279), and in his epilogue, Sharp goes on to make the critical point that those who emerged victorious understood their triumph not as the peaceful transfer of power from one legitimate group to another but rather as a successful rescue from Federalism, which could never again be allowed to threaten the nation.

Sharp's narrative is marred by small but annoying errors. The states did not accept "Madison's first 10 amendments" (p. 29); the first two failed of ratification, and it was the next ten that were adopted. After correctly identifying William Loughton Smith as a South Carolina Federalist (p. 162), Sharp then turns him into a "congressman from New York" (p. 167). Jefferson's generational limit on laws and constitutions was nineteen years, not thirty-four (p. 192); if he had consulted *The Papers of Thomas Jefferson* rather than an outdated anthology of Jefferson's writings, Sharp would have caught his error. And for this reader, at least, calling Hamilton the "secretary of treasury," as Sharp does throughout, rather than the customary "secretary of the Treasury," creates a jarring note.

Despite the errors, which are few enough that correcting them in future editions should not be difficult, *American Politics in the Early Republic* can be read with pleasure and instruction. As a relatively brief introduction to the first party system, it should be attractive to students not yet familiar with the details; for those already acquainted with the period, it covers ground they know well, but does so in an agreeable way.

HERBERT SLOAN
*Barnard College*

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**Apple of Gold: Constitutionalism in Israel and the United States** *by Gary Jeffrey Jacobsohn. Princeton, NJ, Princeton University Press, 1993. 300 pp. $39.50.*

Constitutionalism as an issue as well as in practice has undergone substantial rebirth in the last several decades, returning to themes of earlier political scientists going back to our founder, Aristotle, who provided us with the best understanding of constitutionalism including three dimensions dealing with political structures, the socioeconomic distribution of political power, and the ethical-moral basis of governments. Part of this revival of political science interest in constitutionalism utilizing the latest tools of political science has been revival of a central interest in the foundations of American constitutionalism and a growing interest in the emergence of constitutionalism in the relatively new state of Israel. Gary Jacobsohn is not the first to address those themes, but he is the latest and one of the few to address them on a comparative basis.

Although *Apple of Gold* necessarily is written from an American perspective, Jacobsohn understands Israel and the scope of Israeli constitutionalism almost as well as he does American constitutionalism. He compares and contrasts the two well and treats the subject with the breadth it deserves, beginning with the Declarations of Independence of the two peoples and the very sharp contrast between them in intention and in content. He then sets the two expressions of constitutionalism in their respective contexts, dealing with pluralism, autonomy, community, and republicanism.

Appropriately, he also looks at American constitutionalism in light of the anomaly of the native Americans whose character as preexisting tribes or peoples comes closer to the Israeli model than the American model, which is based on the founding of the American people through the Declaration of Independence and the Constitution and their existence as a people by virtue of those founding documents. This leads him to consider the question of civic identity in both countries, the similarities and differences between them. This enables Jacobsohn to focus on the question of constituting the polity in both cases; he explores the difference between the American written constitution and Israel's Basic Laws. While the former is a comprehensive document written by a constitutional convention at one time and ratified by appropriate representatives of the people selected appropriately by the states, the latter is an accelerated and modified version of the British approach to constitutionalism—namely, piecemeal composition requiring the achievement of consensus on a particular topic or issue and then embodying it in a basic law to cover the subject at hand, enacted by the Knesset sitting as a continuing constituent assembly.

Unlike the British, however, Israel has adopted very extensive judicial review of the legislation. At first, that review was unlike judicial review in the United States. The American existed because of the written constitution. The British existed precisely because there was no written constitution, and the court saw itself as the guardian of universal principles of law and justice. But as judicial review has expanded in Israel, it has also become more tied to Israel's Basic

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Laws, which together constitute an almost complete constitution. Jacobsohn is on the right course. Since he has written this, there have been further developments to strengthen judicial review in Israel.

The author concludes with three chapters, one examines jurisprudence, education and the constitution; another, questions of speech and democracy; and a third summarizes the contrasting constitutions and the borrowings involved in them. All told, Jacobsohn's book is important reading, not only for those interested in the emergence of an Israeli style of constitutionalism for that polity, but those who want to learn more about American constitutionalism in a way that it rarely is considered – that is to say, comparatively, with an understanding that there is more than one way to build a constitutional order.

If his book suffers from any weaknesses, it is one that can hardly be avoided. At times Jacobsohn is too American. He cannot give full credit to the legitimacy of trying to prepare a constitution for a preexisting people rather than using the constitution to establish a new people. What we now call group rights have a place in the constitutional order of a multiethnic society in certain situations, along with individual rights. It was not his intention to give shorter shrift to this other model. In the larger sense, the book stands as a serious and generally successful effort to take Americans' consideration of their Constitution out of the provincial mode within which even the greatest American constitutional commentators have worked. It brings to the attention of the world, and to Israelis as well, how serious constitutionalism is in Israel.

DANIEL J. ELAZAR
*Temple University*

**Stockton Axson, "Brother Woodrow": A Memoir of Woodrow Wilson** *edited by Arthur S. Link. Princeton, NJ, Princeton University Press, 1993. 312 pp. $24.95.*

In conjunction with the publication in sixty-nine volumes of *The Papers of Woodrow Wilson*, the editors have issued from time to time a group of supplementary volumes enlarging upon aspects of Wilson's thought or actions. The last of these, "Brother Woodrow," contains the hitherto unpublished recollections of the brother-in-law who knew Wilson intimately for forty years and was as deeply devoted to him as he was often puzzled by his behavior.

Stockton Axson emerged from a troubled childhood (his mother died in childbirth and his father committed suicide) to carry throughout his life the burden of hypochondria and repeated mental breakdowns. He never married. His sister, Woodrow Wilson's first wife, kept him within the close family circle and cared for him through the worst of his illnesses. With Wilson's help, he established himself as a teacher of English literature. He published little but was extremely popular as an undergraduate lecturer at Princeton and later at Rice University.

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The memoir under review was written after Wilson's 1919 stroke and was intended to be published while the president was still living. From these circumstances it gains in a sense of immediacy while inevitably losing in candor. Yet Axson aimed to balance the near-reverence he felt for his brother-in-law with a frank appraisal of his faults.

His major theme is that Wilson changed more than most men during his lifetime—from the "gentle, considerate, kindly, humorous, affectionate" young man he had known in the early Princeton days to the "grim and isolated and sometimes sardonic" figure of 1921. Axson explains the change by saying that in his later years his brother-in-law became more and more like his father, Joseph R. Wilson, who was known in the family for a certain irascibility and for the scathing quality of some of his jokes. He does not seem to take sufficiently into account the fact that the Wilson of 1920 was an invalid in mind and body, showing the pathological symptoms of one who had suffered a severe stroke. Having seen little of the president since 1913, Axson was less likely to realize how devastating its effects had been.

The last chapter of the memoir begins with a quotation from Tennyson on "the abysmal deeps of personality." Here Axson gives vent to his bewilderments. He agrees (as most of us would) with charges that Wilson was "uncompromising, unforgiving, stubborn" and goes on to hint darkly at uncivil behavior toward members of his close family. It seems evident that Axson had been seeing much of William McAdoo, who was married to the president's youngest daughter and was also his secretary of the Treasury. Undoubtedly, Wilson did show impatience toward this son-in-law, who persisted in talking business at family dinners and compounded his crimes by writing gruesomely-detailed memoranda. Wilson considered McAdoo a bore; nor did he always conceal his feelings in that regard. As a result, Axson was driven to complex explanations for his brother-in-law's conduct.

To the original memoir, Link has added passages from some of Axson's other unpublished writings on the president, endeavoring to eliminate the awkwardness of a manuscript that was dictated and never revised. He is not always successful in making the work read smoothly. Partly because Axson exerted so direct an influence on earlier biographers of Wilson (particularly Ray Stannard Baker), and partly because Link (into whose possession the manuscript fell) has been generous in making it available to more recent Wilson scholars, its contents do not alter the familiar picture. Yet it contains valuable anecdotes and some interesting reflections. One reads, for example, that "the silence of Woodrow Wilson is worse than the oaths of some men"—and suddenly the old warrior becomes alive.

AUGUST HECKSCHER
*Twentieth Century Fund*

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**Race, Ethnicity, and Urbanization: Selected Essays** *by Howard N. Rabinowitz. Columbia, University of Missouri Press, 1994. 359 pp. $42.50.*

Rabinowitz is a distinguished scholar of southern race relations and southern urbanization in the 1865 to 1920 period. Author of two books on these subjects and editor of a third on a related theme, Rabinowitz here collects most of the articles he has published over the last two decades.

As happens in many such collections, several of the articles overlap, the review essays are dated, and a couple of lesser efforts have made their way into the book. Still, this volume contains valuable articles on southern race relations and urbanization that both specialists and those looking for a handy guide to these intertwined subjects should appreciate finding bundled together in one well-designed volume, which contains a superb index.

One of Rabinowitz's most original contributions to the history of American race relations comes in the section titled "From Exclusion to Segregation." Rabinowitz demonstrates that C. Van Woodward's famous thesis on the origins of the Jim Crow South in the 1890s is flawed. Rabinowitz develops a far more convincing thesis: in the immediate post-Civil War years, southern blacks successfully worked with white allies to end a system in which they were rigorously excluded from public institutions of all kinds and contributed to the creation of a segregated system in which they gained access to key areas of public life, specifically schools and churches. In "Half a Loaf: The Shift from White to Black Teachers in the Negro Schools of the Urban South, 1865–1890," an article that should interest social scientists concerned with the relationship between group advancement and individual opportunity, Rabinowitz demonstrates how and why some black southerners worked hard to gain the right to have black principals and black teachers in their own schools.

In the book's final section, Rabinowitz offers two excellent summary articles especially useful for nonspecialists looking for pithy overviews. In "Continuity and Change: Southern Urban Development, 1860–1900," he provides a data-laden overview of the subject perfect for gleaning. "The Weight of the Past vs. The Promise of the Future: Southern Race Relations in Historical Perspective" is an equally useful overview, especially rich in its narrative treatment of the post-Civil War era.

I should note that Rabinowitz introduces his collection with a long, sarcastic attack on most of the methodological and theoretical developments that have taken place in the historical profession since he received his Ph.D. in the early 1970s. It is neither a serious argument nor a credible defense of his preferred approach—the now ancient "New" Social History. I'm not quite sure what Rabinowitz is trying to show in his introduction other than his discomfort and his failure to fully engage with a great deal of new historical scholarship. But as Rabinowitz somewhat painfully exclaims, historians should be judged by their historical work and not their polemical caterwauling. Howard Rabinowitz has

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done some marvelous empirical work on race relations and urbanization in the post-Civil War South and this volume includes some of the best of that work.

DAVID FARBER
*Barnard College*

**Return to Diversity: A Political History of East Central Europe since World War II,** 2nd ed. *by Joseph Rothschild. New York, Oxford University Press, 1993. 284 pp. Cloth, $38.00; paper, $14.95.*

Joseph Rothschild's book first appeared in 1989, just as the process of disintegration of communism began in Eastern Europe. At the time the author wrote the volume originally, the far-reaching changes that took place a few months later were only visible to a very few East European specialists, although the portents of some change were already noted. Rothschild's original volume, hence, was a much awaited study by one of the more thoughtful American students of politics in Eastern Europe to follow up his earlier studies, focused largely on the interwar politics of the region.

At the time when the book appeared, other treatises also were published, including J. F. Brown's *Eastern Europe under Communist Rule* and William E. Griffith's, *Central and Eastern Europe: The Opening Curtain*. What distinguished Rothschild's original volume was its thorough attention to historical and chronological analysis. Eschewing fancy political science jargon, the author was straightforward in giving us an excellent survey of the political history of East Central Europe; instead of focusing on a functional analysis, he gave us a usable volume on which subsequent functional studies could be based. For those of us teaching the politics of the region, his book has provided an excellent tool for students to come to grips with the essential history of the region.

The second edition, thankfully, keeps the structure and the focus of the book. The first five chapters remain the same, while the last two chapters and a brief epilogue add new information and emphasis to the volume. Chapter 7 is an essential recounting of the events connected with the fall of communism, and the very brief epilogue adds a few words on what this all means.

Rothschild's book is an especially excellent tool for the student who wishes to study the region through the development of history that occurred differently in each state. Hence, each of Rothschild's chapters deal with the study of the divergent histories of the countries of Eastern Europe from the interwar era through World War II, the period of communist take-over, Stalinism, reformism, and collapse. Each chapter contains the history of the separate countries of the region in relatively short summaries. This way the student can observe how the same historical processes took place in the states of the region.

The shortfall of this approach is that it does not set a macropolitical approach, summarizing the pattern of politics in the region as a whole, thereby providing

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a model for the political development of the system as a whole. The student is often at a loss to figure out what all this means, though knowing in full detail what happened in each state. To be sure, the cumulative impact of each chapter forces the student to recognize what really happens, but Rothschild's book is initially harder for students to digest, precisely because the chapters lack introductory thoughts on the pattern of changes that will be described later.

This is, however, endemic to our profession. An author must choose between describing the general or the specific in analyzing the comparative political history of a geographical/political region. The thoroughness of Rothschild's study mitigates against the problem becoming serious enough to detract from the value of this excellent effort.

IVAN VOLGYES
*University of Nebraska-Lincoln*

**Real Choices/New Voices: The Case for Proportional Representation in the United States** *by Douglas J. Amy. New York, Columbia University Press, 1993. 224 pp. $32.50.*

What common political experience unites Ashtabula, Cleveland, and Cincinnati, Ohio; Wheeling, West Virginia; Boulder, Colorado; Kalamazoo, Michigan; and New York City? The answer is that each community at one time used a system of proportional representation to elect its local legislature.

The movement for the use of proportional representation (PR) began in the early decades of the twentieth century. It was supported by a variety of local reform groups and by the National Municipal League. PR was only one part of a broad program of political reform that was offered by the progressive forces of their day; it also included the direct primary, initiative, referendum, recall, nonpartisan elections, and the city manager form of government.

Some progressive proposals had a lasting impact upon the politics of this nation. The direct primary, for example, became the method for nominating almost all public officials. But the impact of PR was fleeting. With the exception of Cambridge, Massachusetts, all of the cities that once employed the system have long abandoned it.

Amy's book is an attempt to revive interest in the long dormant idea of PR. He presents an imposing list of shortcomings in present day American democracy that he contends can be cured by PR. Some of his claims are similar to those advanced by early twentieth-century reformers; others are directed at ills that are unique to our time. PR will guarantee fair representation to all members of the society and break up the monopoly of the two major political parties, the author contends. Further, it will encourage issue-oriented campaigns, elect more women and racial and ethnic minorities to office, and increase voter turnout in elections.

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*Real Choices/New Voices* is a challenging and thought provoking book. It compels the American reader to think about a subject that we have accepted as a given—our use of a winner-take-all election system. But PR is hardly a panacea for this nation's political imperfections. For example, voter turnout has been appalling low—generally under 10 percent—in New York City's school board elections that have been conducted under PR since 1969.

Amy also underestimates the self-correcting capability of the winner-take-all system. The number of women and members of minority groups elected to legislatures at all levels of government has increased sharply in recent years. African-Americans are about 12 percent of the nation's population; approximately 9 percent of the persons elected to the House of Representatives in the 103rd Congress were black.

The author also fails to recognize the extent to which PR has contributed to political instability in many nations that use the system. Unstable coalition governments have characterized the politics of even small, relatively homogeneous nations such as Italy and Israel that use PR. What would be the consequences of using PR in the United States with its great size and large and very diverse population? While it might alleviate some of the problems Amy identifies, it could very well add to the problem of governing. PR might well make it all but impossible to reach agreement on issues of importance to the society.

Finally, Amy argues that PR is growing in popularity throughout the democratic world and that only the United States and Great Britain have held out against its use. But in 1993, Italy changed its election laws to provide for the election of three-quarters of the seats in both houses of its parliament on a winner-take-all basis, and in early 1994 Japan also abandoned its use of a form of PR. In both nations, endemic corruption in government was the catalyst for change. Thus, it is not at all clear that PR represents the wave of the future in democratic governments.

WALTER E. VOLKOMER
*Hunter College*

**Relocating Middle Powers: Australia and Canada in a Changing World Order** *by Andrew F. Cooper, Richard A. Higgott, and Kim Richard Nossal. Vancouver, British Columbia, UBC Press, 1993. 232 pp. Cloth, $65; paper, $29.95.*

This Australian-Canadian collaboration offers a theoretical and empirical exploration of the efforts of Australia and Canada, as secondary players in the international system, to adapt to the shifts in international politics that accompanied the ending of the cold war. It is an interesting but ultimately somewhat frustrating work.

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In their opening chapter the authors argue the relevance in an era of "waning hegemony" (p. 12) of increased attention to other sources of leadership and review the rather tentative treatment of middle powers in the theoretical literature to date. They then present their own threefold description of middle-power behavior: catalyst of action on problems; facilitator of issue-specific coalition building; and manager of work programs to operationalize or institutionalize initiatives.

The focus on Australia and Canada is explained by their activism and their different styles—Australia inclining toward more dramatic initiatives, Canada concentrating on lower-key issues. However, the selection of two first-world U.S. allies for study does limit the comparative value of the work. Clearly, funding as much as reasoning dictated this choice.

The body of the work is five chapters in which the conceptual model is elaborated through a series of case studies drawn from the "three agendas" (p. 32) of international politics—security, economic, and social. These include the Cairns group in the General Agreement on Tariffs and Trade (GATT) Uruguay Round; Asia Pacific Economic Cooperation (APEC) and the North American Free Trade Agreement; the Persian Gulf War; and arms control, human rights, and the environment.

These chapters document a growing—though not unlimited—scope for middle-power activism in the post-cold war era. The Gulf War is presented as the negative example, where Australia and Canada had little maneuverability after their initial decisions to join the U.S.-led coalition. A final chapter summarizes the argument and reemphasizes the bottom line that "[t]o offset the negative effects of American withdrawal, it will be necessary . . . for middle powers to engage in more creative diplomacy" (p. 180). Unfortunately, the conclusion does not really tie together or advance the theoretical discussion.

The book's strength is that it compresses into a relatively small volume a great deal of information about the foreign policy interests and initiatives of Australia and Canada in the 1980s and early 1990s. However, the conceptual effort is less successful. The authors readily acknowledge the problematic aspects of middle-power status and even the difficulties of defining the class with precision. But their own approach does not greatly clarify these issues. For example, they reject structural definitions of middle powers, but their own behavioral definition in fact depends heavily on an essentially structural attribute: the possession of a large, skilled national bureaucracy. More seriously, their analysis is often highly convoluted, confusing at least this nontheorist reader and at times straining plausibility.

The treatment of the Gulf War is particularly tortured. The authors describe the initial decision to participate in the coalition as a reasonable (although in this case passive) act of middle-power coalition-building. However, they add, the Gulf experience illustrates the downside of coalition-building, because, once in, Australia and Canada were effectively unable to withdraw even as the United States radically changed the nature of the endeavor from defense to offense. In

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support of this latter point they feel obliged to argue that, public statements to the contrary, both governments were in fact uncomfortable with the shift to an offensive posture. This reasoning, which the authors acknowledge is "circuitous," ultimately becomes simply tendentious (p. 13).

The book contains other small but annoying instances of factual slips and loose language: the statement (p. 169) that George Bush did not attend the 1992 Rio environmental summit (he did); and the pronouncement (p. 179) that "there are no longer any guarantees that larger allies will always take care of a junior partner's interests" (were there ever?).

Nevertheless, except for the Persian Gulf chapter, the case studies seem generally well researched and thoughtfully presented. The problem lies less in the facts than in the framing, which drives the narrative but ultimately does not yield as clearly drawn or readily applicable conclusions as one would wish.

RICHARD W. BAKER
*East-West Center*

**The Ambivalent Welcome: Print Media, Public Opinion and Immigration** *by Rita J. Simon and Susan Alexander. Westport, CT, Praeger, 1993. 279 pp. $49.95.*

As its title suggests, ambivalence is the intended integrative theme of this volume. Readers will be forgiven if the same sentiment characterizes their reaction to the work. On the positive side, the authors address a gap in the literature of immigration studies—lack of a compendium of American opinion on immigration and immigrants. Consequently, for want of an alternative, students of immigration may find the book's overview of polling data, party platforms, and selected print media to be of some value. At the very least it provides further evidence that America's reception of immigrants has been consistently double-sided, a humane and welcoming impulse struggling against a nativist and restrictionist one. In the past, immigrants may have been good for this country, the American public and their scribes regularly seem to say, but not now, not when jobs are scarce, social services are stretched, and recent entrants are so culturally ill-suited to American life.

Still, as an acquisition for libraries, institutional or personal, this volume cannot be easily endorsed. To begin, it is not quite a scholarly treatise—more a collection of information than a sustained exposition. In addition to chapters covering the subjects already noted, others survey immigration demographics, review major immigration legislation, and profile contemporary restrictionist organizations. Yet there is no attempt to pose research questions or hypotheses that might unify the disparate parts. Indeed, there is no suggestion that official

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party statements, opinion polls, or journalistic accounts regarding immigration are in any way related or that any of this has a bearing on the shape of immigration legislation. The closest the authors come to tackling broader theoretical questions is on the penultimate page of the main text: "The magazines did not function in a vacuum, nor did they appear to be the leaders or molders of the restrictionist movement and of anti-immigrant sentiments" (p. 245). Absent supporting analysis, such is empty conjecture.

All this would not matter so much if the book could stand on its own as a reference work. But it cannot satisfy on that account either, being insufficiently comprehensive. Most importantly, perhaps, it is unclear why certain magazines, journals, and newspapers are chosen for analysis; other than asserting that these are the "leading" print media of the last century or so, the authors specify no criteria of inclusion. Surely the selection is not self-evident; otherwise why does *The Nation* merit consideration but not analogous journals such as *The New Republic* and *The Progressive*? Further, as the publications examined have significantly different orientations—religious and political periodicals of opinion, literary magazines, newsweeklies, the op-ed page of a single newspaper, digests of condensed articles—one wonders if they are in fact comparable. Small reason for confidence, then, in the authors' assessment of the general state of published opinion on immigration.

J. C. Harles
*Messiah College*

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## Reference Books and Other Publications of Interest Received

American Economic Policy in the 1980s *edited by Martin Feldstein. Chicago, The University of Chicago Press, 1994. 823 pp. $75.00.*

Arms Watch: SIPRI Report on the First Year of the UN Register of Conventional Arms *by Edward J. Laurance, Siemon T. Wezeman, and Herbert Wulf. New York, Oxford University Press, 1994. 143 pp. $37.50.*

The Atlas of African Affairs, 2nd ed. *by Ieuan Ll. Griffiths. New York, Witwatersrand University Press, 1994. 233 pp. Paper, $17.95.*

Biographical Directory of the Governors of the United States 1988–1994 *by Marie Marmo Mullaney. Westport, CT, Greenwood Press, 1994. 425 pp. $75.00.*

The Clinton 500: The New Team Running America *edited by Jeffrey B. Trammell and Gary P. Osifchin. Washington, DC, Almanac Publishing, Inc., 1994. 555 pp. $125.00.*

Congress and Its Members, 4th ed. *by Roger H. Davidson and Walter J. Oleszek. Washington, DC, CQ Press, 1994. 484 pp. Paper, $29.95.*

CQ's Pocket Guide to the Language of Congress. *Washington, DC, Congressional Quarterly Inc., 1994. 127 pp. Paper $14.95.*

Governing New York State, 3rd ed. *edited by Jeffrey M. Stonecash, John Kenneth White, and Peter W. Colby. Albany, State University of New York Press, 1994. 395 pp. Paper, $16.95.*

Hunger 1994: Transforming the Politics of Hunger. *Silver Spring, MD, Bread for the World Institute, 1993. 189 pp. Paper, $14.95.*

Politics in America 1994: The 103rd Congress *edited by Phil Duncan. Washington, DC, CQ Press, 1994. 1747 pp. Paper, $49.95.*

The State of the World's Children 1994 *by James P. Grant. New York, Oxford University Press, 1994. 87 pp. Paper, $8.00.*

United Nations, Divided World: The UN's Roles in International Relations, 2nd ed. *edited by Adam Roberts and Benedict Kingsbury. Oxford, England, Clarendon Press, 1994. 589 pp. $68.00.*

Women and Politics Worldwide *edited by Barbara J. Nelson and Najma Chowdhury. New Haven, Yale University Press, 1994. 818 pp. Paper, $25.00.*

World Development Report 1993: Investing in Health *by The World Bank. New York, Oxford University Press, 1993. 329 pp. $37.95.*



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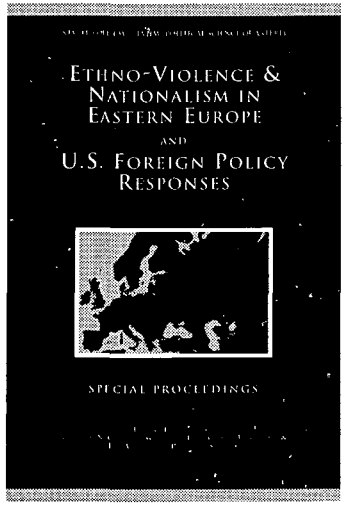


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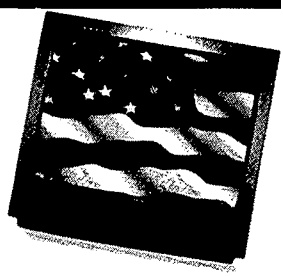

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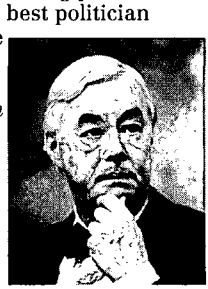

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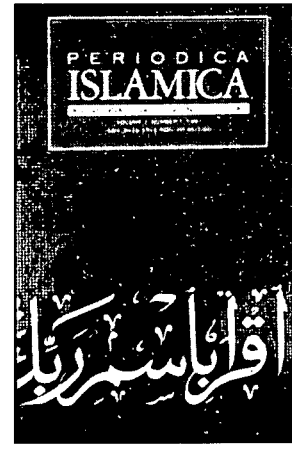


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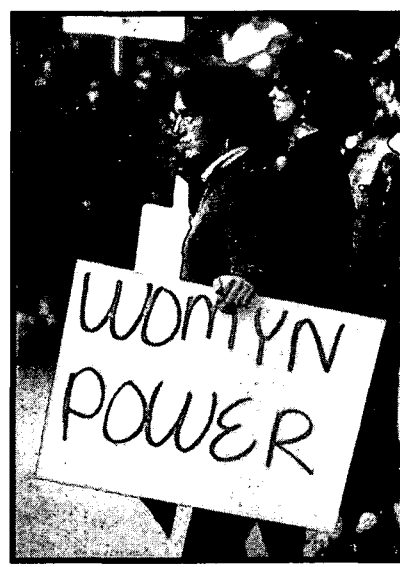


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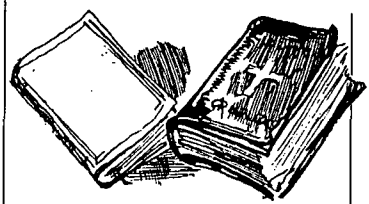

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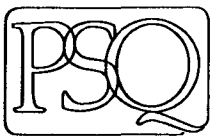


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